

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY**

Financial Audit
For the Year Ended June 30, 2024
Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

**State of Illinois
 Illinois State University
 Financial Audit
 For the Year Ended June 30, 2024**

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Other Reports Issued Under a Separate Cover

The Illinois State University's *Federal Single Audit* and *State Compliance Examination* for the year ended June 30, 2024, 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, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

**State of Illinois
Illinois State University**

**Financial Audit
For the Year Ended June 30, 2024**

University Officials

President (03/18/24 – present)	Dr. Aondover Tarhule
Interim President (02/17/23– 03/17/24)	Dr. Aondover Tarhule
Interim Vice President for Finance and Planning (01/01/24 – present)	Mr. Dan Petree
Vice President for Finance and Planning (07/01/23 – 12/31/23)	Mr. Dan Stephens
Vice President for Academic Affairs and Provost (05/01/24 - present)	Dr. Ani Yazedjian
Acting Vice President for Academic Affairs and Provost (02/17/23 – 04/30/24)	Dr. Ani Yazedjian
Vice President for Student Affairs	Dr. Levester Johnson
Vice President for University Advancement	Mr. Pat Vickerman
Comptroller	Mr. Doug Schnittker
Legal Counsel	Ms. Jeannie Barrett
Director – Internal Audit	Mr. Robert Blemler

Officers of the Board of Trustees

Chair of the Board (02/10/23 – Present)	Dr. Kathryn Bohn
Secretary of the Board (02/10/23 – Present)	Dr. Robert Navarro

Members of the Board of Trustees

Member	Dr. Kathryn Bohn
Member	Dr. Robert Navarro
Member	Ms. Julie Annette Jones
Member	Mr. Scott Jenkins
Member	Dr. Lia Merminga
Member	Mr. Darren Tillis
Member (11/30/22 – Present)	Vacant
Student Member (07/01/24 - Present)	Mr. Ryan Russell
Student Member (05/11/24 – 06/30/24)	Vacant
Student Member (08/08/22 – 05/10/24)	Mr. Aselimhe Ebikhumi

Office Location

The University's primary administrative offices are located at:
Hovey Hall
Campus Box 1100
Normal, Illinois 61790-1100

**State of Illinois
Illinois State University**

**Financial Statement Report
For the Year Ended June 30, 2024**

Summary

The audit of the accompanying financial statements of the Illinois State University (University) was performed by Forvis Mazars, LLP.

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

Exit Conference

The University waived an exit conference in correspondence from Ms. Erika Jones, Assistant Comptroller, on November 7, 2024.

Independent Auditor's Report

The Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois State University

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of the Illinois State University (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2024, 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 discretely presented component unit of the University as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows 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 the discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 judgement, 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 6-17, the Schedule of University's Proportionate Share of the Net Pension Liability and the Schedule of Contributions – Pension on page 75, the Schedule of the University's Proportionate Share of the Net OPEB Liabilities on page 76, and the Notes to the Required Supplementary Information on pages 77-78 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Operating Expenses on page 79 is presented for purposes of additional analysis and are 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 Schedule 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 the annual report. The other information comprises the University Officials on page 1, the Summary on page 2, and the Data Required by Revenue Bond Resolutions on pages 80 - 83 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

**Decatur, Illinois
November 26, 2024**

**State of Illinois
Illinois State University**

**Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2024**

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Illinois State University (University) for the year ended June 30, 2024, with selective comparative information for the year ended June 30, 2023. This discussion and analysis has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University is governed by the Board of Trustees and was the first public institution of higher learning in Illinois, having been founded in 1857. The University is a residential university of approximately 21,500 students with seven colleges and over forty academic departments that offer more than one hundred and seventy-five programs of study. The Graduate School coordinates forty-eight master's degree sequences, forty-one certificate programs, and ten doctoral degree programs.

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 government) and its component units (the Illinois State University Foundation). The component units discussed below are included in the University's financial reporting entity (the Entity) due to the significance of their financial relationship with the University and is in accordance with Governmental Accounting Standards Board (GASB) Statement Nos. 14, 39 and 61.

The Illinois State University Foundation (Foundation) is a University Related Organization (URO) as defined under the *University Guidelines* adopted by the State of Illinois' Legislative Audit Commission (LAC) in 1982, as amended. The Foundation is reported in a separate column to emphasize that it is a non-profit organization that is legally separate from the University. Complete financial statements for the Foundation may be obtained by writing the Illinois State University Foundation, Campus Box 8000, Normal, Illinois 61790-8000 or accessing its website at www.advancement.illinoisstate.edu/foundation.

The Foundation was incorporated in May 1948 under the "General Not-for-Profit Corporation Act" for the purpose of providing fund-raising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. The Foundation is an organization as described in Section 501c(3) of the Internal Revenue Code and, is accordingly, exempt from federal income tax.

Illinois State University Global, LLC (Global) was established on March 8, 2018. Global is a URO as defined under the *University Guidelines* adopted by the State of Illinois' LAC in 1982, as amended. Global was formed as a single member limited liability company of which the University is the sole owner. Based on this financial relationship, Global is blended into the University's financial information. There was no activity for the year ended June 30, 2024.

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**Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

Overview of the Financial Statements and Financial Analysis

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 also included in the State of Illinois' Annual Comprehensive Financial Report (ACFR). The State of Illinois' ACFR may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871 or accessing its website at www.illinoiscomptroller.gov.

Financial Statement Presentation: The University's business-type activities financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with GASB principles and presented on an entity-wide basis. Several ratios have been included in the financial analysis to help assess the University's financial health. The University's fiduciary financial statements include the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position; however, these financial statements are not the focus of this analysis.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The statement of net position is point in time financial statements. The purpose of the statement of net position is to present to the readers of the financial statements a fiscal snapshot of the University at June 30, 2024. The statement of net position presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets plus deferred outflows of resources minus liabilities and deferred inflows of resources).

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the institution. Readers should also be able to determine how much the institution owes vendors, investors, and lending institutions. Finally, the statement of net position provides a picture of the net position and its availability for expenditure by the institution.

Net position is divided into three major categories. The first category, net investment in capital assets, shows the institution's equity in the property, plant, and equipment owned by the institution. The next net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time and/or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is that net position available to the institution for any lawful purpose of the institution.

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**Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

Following are condensed Statements of Net Position at June 30, 2024 and 2023:

(in thousands)

	2024	2023
Assets:		
Current assets	\$ 345,615	\$ 311,695
Noncurrent assets:		
Capital assets, net	573,427	544,843
Other noncurrent assets	20,751	68,118
Total assets	939,793	924,656
Deferred outflows	6,649	3,942
Total assets and deferred outflows	946,442	928,598
Liabilities:		
Current liabilities	72,735	63,997
Noncurrent liabilities	193,607	196,317
Total liabilities	266,342	260,314
Deferred inflows	14,090	16,501
Total liabilities and deferred inflows	280,432	276,815
Net Position:		
Net investment in capital assets	396,053	361,089
Restricted	168,089	154,939
Unrestricted	101,868	135,755
Total net position	\$ 666,010	\$ 651,783

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**Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

Current liabilities are obligations of the University coming due in less than one year. Current liabilities consist primarily of accounts payable and accrued liabilities, deposits, unearned revenues, and the current portion of long-term debt. The following ratio is intended to give an indication of the University's ability to meet its obligations the following year:

The Current Ratio (current assets/current liabilities) is:

$$\frac{2024}{\$345,615 / \$72,735 = 4.75} \quad \frac{2023}{\$311,695 / \$63,997 = 4.87}$$

Noncurrent assets are comprised primarily of net capital assets. Net capital assets increased \$28.6 million from June 30, 2023, to 2024. The increase in 2024 is related to construction and major renovation of University buildings, net of depreciation.

Noncurrent liabilities are comprised primarily of bonds payable, certificates of participation, lease and SBITA payables, and accrued compensated absences.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position presented on the statement of net position is based upon the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of the Statement of Revenues, Expenses, and Changes in Net Position is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains, and losses received or incurred by the institution.

Operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. These are called non-exchange transactions. For example, State appropriations are classified as non-operating because they are provided by the General Assembly to the University without the General Assembly directly receiving commensurate goods and services for those revenues.

Student tuition and fees, grants and contracts, the Auxiliary Facilities System, State appropriations, and payments by the State of Illinois on behalf of the University (including the special funding situation for pension and other postemployment benefits (OPEB)) are the primary sources of funding.

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**Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

Following are condensed Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2024 and 2023:

(in thousands)

	<u>2024</u>	<u>2023</u>
Operating revenues		
Student tuition and fees, net	\$ 212,876	\$ 213,954
Grants and contracts	33,233	28,693
Auxiliary facilities, net	104,048	96,743
Other	26,382	22,177
Total operating revenues	<u>376,539</u>	<u>361,567</u>
Operating expenses	<u>623,075</u>	<u>567,699</u>
Operating loss	<u>(246,536)</u>	<u>(206,132)</u>
Nonoperating revenues		
State appropriations	78,242	73,125
Payments on behalf of the University	52,096	47,051
Special funding situation	11,791	(4,764)
Other, net	112,058	85,293
Net nonoperating revenues	<u>254,187</u>	<u>200,705</u>
Capital appropriations	5,952	5,148
Capital gifts and grants	<u>624</u>	<u>708</u>
Increase in net position	14,227	429
Net position, beginning of year	<u>651,783</u>	<u>651,354</u>
Net position, end of year	<u>\$ 666,010</u>	<u>\$ 651,783</u>

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**Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

The return of net position ratio indicates whether the University is financially better off compared to the previous year by comparing the increase in net position to beginning net position. The increase in fiscal year 2024 is related to the increase in nonoperating revenues.

The Return on Net Position Ratio (increase in net position / beginning of year net position) is:

$$\frac{2024}{\$14,227 / \$651,783 = 2.18\%} \quad \frac{2023}{\$429 / \$651,354 = 0.07\%}$$

The net operating revenues ratio indicates whether the University is living within available resources. The ratio is computed by comparing operating income (loss) and net nonoperating revenues to total operating revenues and total nonoperating revenues.

The Net Operating Revenues Ratio (operating income (loss) plus net nonoperating revenues (expenses) / operating revenues plus nonoperating revenues) is:

$$\frac{2024}{\$7,651 / \$643,161 = 1.19\%} \quad \frac{2023}{\$(5,427) / \$574,029 = (0.95)\%}$$

State appropriations revenue increased from approximately \$73.1 million to \$78.2 million in fiscal year 2024. Payments on behalf of the University are comprised of payments by the State of Illinois for group insurance to the State of Illinois, Department of Central Management Services for current employees of the University and payments by the Illinois State University Foundation for payments to vendors for contractual services and commodities.

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**Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

(in thousands)

	<u>2024</u>	<u>2023</u>
Expenses by function		
Instruction	\$ 167,803	\$ 152,816
Research	34,232	29,125
Public service	21,587	16,658
Academic support	32,472	28,893
Student services	58,837	53,805
Institutional support	49,921	48,295
Operation and maintenance of plant	45,770	36,826
Depreciation and amortization	32,035	31,332
Student aid	95,500	86,815
Auxiliary facilities	84,918	83,134
	<u>\$ 623,075</u>	<u>\$ 567,699</u>
Total operating expenses*		
Expenses by natural classification		
Compensation and benefits	\$ 334,396	\$ 296,153
Supplies and services	161,144	153,399
Scholarships	95,500	86,815
Depreciation and amortization	32,035	31,332
	<u>\$ 623,075</u>	<u>\$ 567,699</u>
Total operating expenses*		

*See Schedule of Operating Expenses on page 79 for breakout of Illinois State University expenses and State of Illinois expenses.

The primary reserve ratio compares unrestricted net position and certain expendable net position to total expenses. This ratio is an indicator of how long the University could function by using its reserves without relying on additional net position generated by operations. This ratio continues to remain strong over the last several years as the University has been successful in increasing net position while limiting growth in expenses.

The Primary Reserve Ratio (unrestricted and expendable net position / total expenses) is:

$$\frac{2024}{\$269,957 / \$628,934 = 42.92\%} \quad \frac{2023}{\$290,694 / \$573,600 = 50.68\%}$$

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**Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

The following summarizes a comparative table of total revenues and total expenses by source/function and percentage:

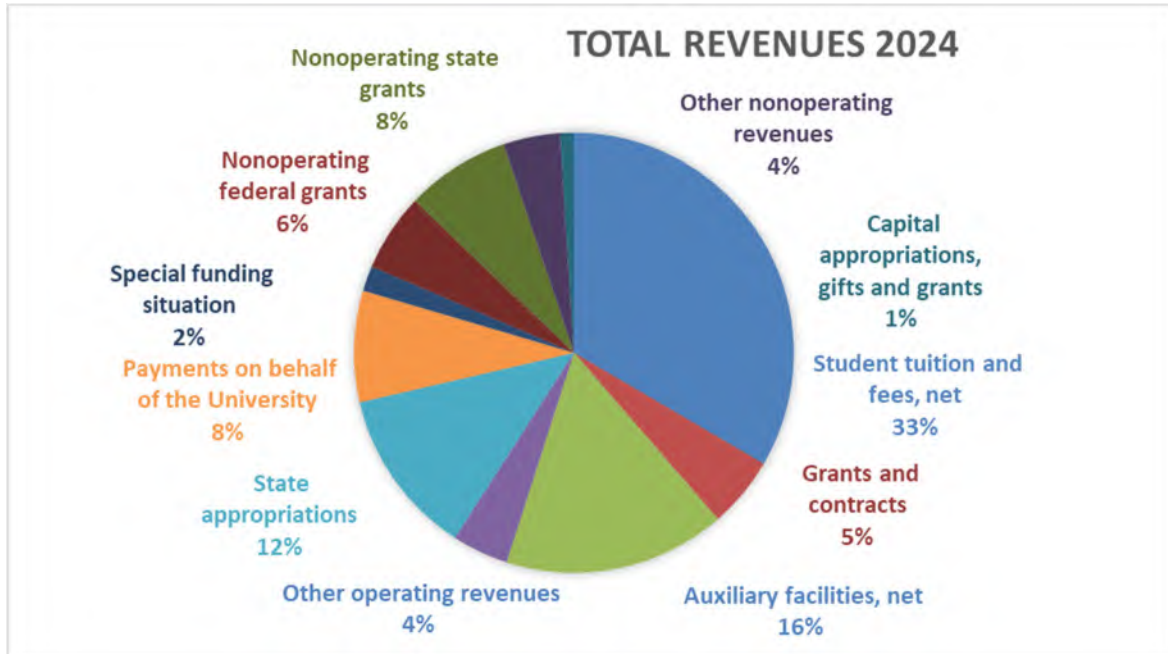
	Percentage *	
	2024	2023
Revenues by source		
Student tuition and fees, net	33 %	38 %
Grants and contracts	5	5
Auxiliary facilities, net	16	17
Other operating revenues	4	4
State appropriations	12	13
Payments on behalf of the University	8	8
Special funding situation	2	(1)
Nonoperating federal grants	6	11
Nonoperating state grants	8	5
Other nonoperating revenues	4	(1)
Capital appropriations, gifts and grants	1	1
Total revenues by source	<u>100 %</u>	<u>100 %</u>
Expenses by function		
Instruction	27 %	27 %
Research	5	5
Public service	3	3
Academic support	5	5
Student services	9	9
Institutional support	8	9
Operation and maintenance of plant	7	6
Depreciation	5	6
Student aid	15	15
Auxiliary facilities	14	15
Total expenses by function	<u>100 %</u>	<u>100 %</u>
Expenses by natural classification		
Compensation and benefits	54 %	52 %
Supplies and services	26	27
Scholarships	15	15
Depreciation	5	6
Total expenses by natural classification	<u>100 %</u>	<u>100 %</u>

* Due to rounding, the percentages may not add to 100%

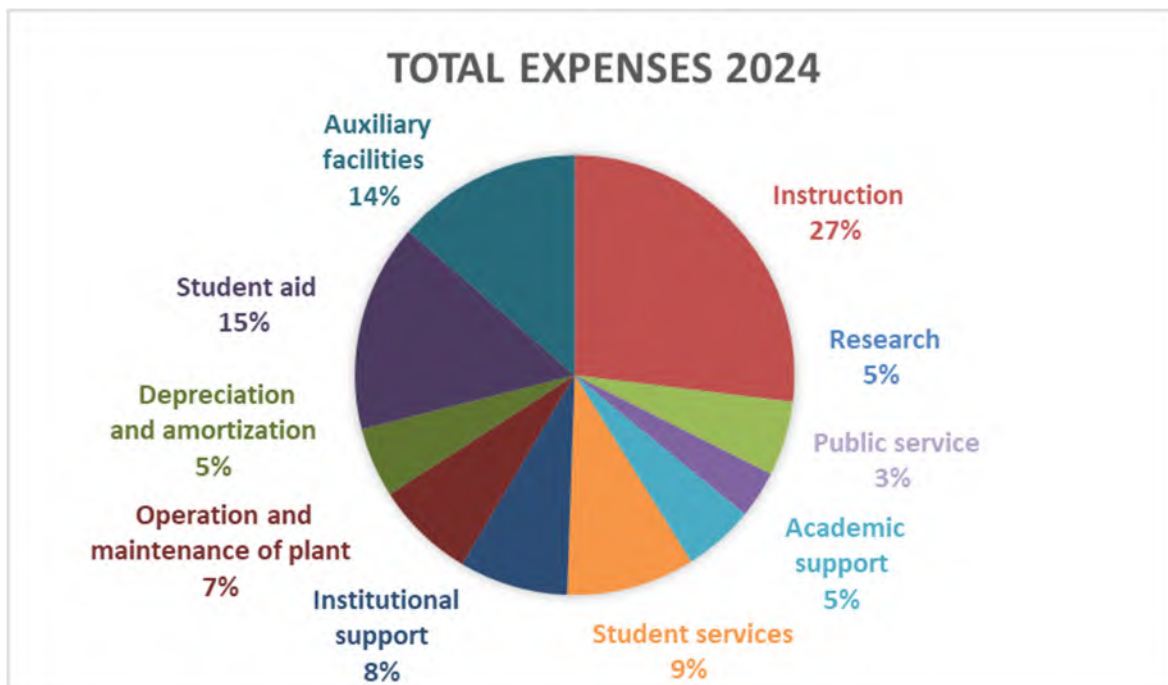
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**Management’s Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

The following graph illustrates total revenues by source:



The following graph illustrates total expenditures by function:



Due to rounding, the percentages may not add to 100%.

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**Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

Statement of Cash Flows

The Statement of Cash Flows provides information about the University's cash receipts and cash payments. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used for the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, non-investing, and noncapital financing purposes. The third section shows the cash flows from capital and related financing activities. This section shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The last section reconciles the operating loss shown on the statement of revenues, expenses, and changes in net position to the cash used by operating activities on the statement of cash flows.

Following are condensed Statements of Cash Flows for the years ended June 30, 2024, and 2023:

(in thousands)

	<u>2024</u>	<u>2023</u>
Net cash used in operating activities	\$ (146,933)	\$ (139,658)
Cash flows provided by noncapital financing activities	175,716	154,325
Cash flows used in capital and related financing activities	(63,259)	(54,833)
Cash flows provided by investing activities	<u>65,440</u>	<u>40,093</u>
Net increase (decrease) in cash and cash equivalents	30,965	(73)
Cash and cash equivalents, beginning of year	<u>216,441</u>	<u>216,514</u>
Cash and cash equivalents, end of year	<u>\$ 247,406</u>	<u>\$ 216,441</u>

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**Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

Capital Asset and Debt Administration

The University's capital assets include land, land improvements, infrastructure, buildings, equipment, library books, construction in progress and lease and subscription right to use assets.

The following summarizes a table of capital assets, accumulated depreciation and amortization, and depreciation and amortization expense for fiscal years ended June 30, 2024, and 2023:

(in thousands)

	<u>2024</u>	<u>2023</u>
Capital assets	\$ 1,110,959	\$ 1,060,500
Less: accumulated depreciation and amortization	<u>537,532</u>	<u>515,657</u>
Capital assets, net	<u>\$ 573,427</u>	<u>\$ 544,843</u>
Depreciation and amortization expense	<u>\$ 32,035</u>	<u>\$ 31,332</u>

Capital asset funding includes revenue bonds, State capital appropriations, internal funds, and certificates of participation. These funding sources are used for student housing buildings and classroom buildings.

The University primarily uses revenue bonds and certificates of participation to fund construction projects.

The following summarizes a table of long-term debt, including current principal, for fiscal years ended June 30, 2024, and 2023:

(in thousands)

	<u>2024</u>	<u>2023</u>
Revenue bonds, direct borrowing	\$ 56,035	\$ 59,905
Revenue bonds	65,144	71,381
Certificates of participation, direct borrowing	34,630	26,010
Certificates of participation	14,584	15,732
Lease payable	9,340	8,099
Subscription-based IT arrangements	5,981	8,660

As of July 16, 2024, S&P Global rated the Illinois State University's Auxiliary Facilities System Revenue Bonds and Certificates of Participation as "A" with a stable outlook. As of July 2024, Moody's Investor Service rated the Illinois State University's Auxiliary System Revenue Bonds and Certificates of Participation as "A3" with a stable outlook.

The debt burden ratio examines the dependence on borrowed funds as a source of financing and the cost of borrowing relative to overall expenses. It compares the level of current debt service with the University's total expenses.

**State of Illinois
Illinois State University**

**Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2024**

The Debt Burden Ratio (debt service / total expenses less depreciation plus principal payments) is:

<u>2024</u>	<u>2023</u>
$\$21,764 / \$606,890 = 3.59\%$	$\$20,156 / \$550,647 = 3.66\%$

Economic Outlook

The Governor's Office of Management and Budget of the State of Illinois reported \$416 million of outstanding bills at the end of June 2024, a decrease of \$155 million from the end of June 2023. On October 11, 2024, the University's Board of Trustees approved a fiscal year 2025 budget for operations consistent with fiscal year 2024, in an amount not to exceed \$585.7 million.

The State of Illinois passed a budget that appropriated \$79,781,800 to the University to be recognized as revenue in fiscal year 2025. Further, the University was appropriated \$25,000 to be used towards fiscal year 2025 scholarship grant awards to be recognized as revenue in fiscal year 2025.

The University continues to monitor revenue, expenses, and cash flow to support strategic decision making. The University also experienced stable freshman attendance this year, as well as maintaining strong student retention.

The University is not aware of any additional facts, decisions, or conditions that might be expected to have a significant effect on the financial position or results of operations during this and future fiscal years.

**State of Illinois
Illinois State University**

**Statement of Net Position
For the Year Ended June 30, 2024**

	<u>University</u>	<u>Discretely Presented Component Unit</u>
Assets		
Current assets:		
Unrestricted		
Cash and cash equivalents	\$ 138,312,840	\$ 8,252,623
Accounts receivable, net	30,852,824	368,824
Student loans receivable, net	1,191,285	-
Pledges receivable, net	-	4,665,292
Appropriations receivable from the State	28,258	-
Inventories	2,130,917	-
Prepaid expenses, deposits, and other	6,146,179	121,859
Restricted		
Cash and cash equivalents	109,093,252	-
Investments	49,141,900	-
Accrued interest receivable	322,192	-
Accounts receivable, net	8,018,279	-
Inventories	377,741	-
Total current assets	<u>345,615,667</u>	<u>13,408,598</u>
Noncurrent assets:		
Unrestricted		
Investments	-	259,715,915
Student loans receivable, net	1,106,090	-
Pledges receivable, net	-	8,086,518
Prepaid bond insurance	441,107	-
Capital assets not being depreciated	88,116,598	980,000
Capital assets, net of depreciation and amortization	485,310,213	10,325,724
Other noncurrent assets	-	4,070,976
Restricted		
Cash and cash equivalents	-	7,562,516
Investments	19,203,500	-
Total noncurrent assets	<u>594,177,508</u>	<u>290,741,649</u>
Deferred outflows of resources:		
Loss on Refunding	447,138	-
OPEB	5,384,357	-
Pension	817,216	-
Total deferred outflows of resources	<u>6,648,711</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>946,441,886</u>	<u>304,150,247</u>

(Continued)

**State of Illinois
Illinois State University**

**Statement of Net Position (Continued)
For the Year Ended June 30, 2024**

	<u>University</u>	<u>Discretely Presented Component Unit</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 35,175,379	\$ 5,807,649
Unearned revenue	14,355,146	-
Lease payable	1,625,304	-
Subscription based IT arrangements payable	3,006,723	-
Certificates of participation	6,415,000	-
Revenue bonds payable	9,835,000	-
Accrued compensated absences	1,828,571	-
OPEB liability	493,538	-
Other liabilities	-	287,904
Total current liabilities	<u>72,734,661</u>	<u>6,095,553</u>
Noncurrent liabilities:		
Lease payable	7,714,742	-
Subscription based IT arrangements payable	2,974,236	-
Certificates of participation	42,799,316	-
Revenue bonds payable	111,343,544	-
Accrued compensated absences	15,992,432	-
OPEB liability	10,752,849	-
Federal loan program contributions refundable	2,029,430	-
Other liabilities	-	2,388,451
Total noncurrent liabilities	<u>193,606,549</u>	<u>2,388,451</u>
Deferred inflows of resources:		
Lease related	2,750	-
Gain on Refunding	218,670	-
OPEB	13,868,824	-
Total deferred inflows of resources	<u>14,090,244</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>280,431,454</u>	<u>8,484,004</u>
Net Position		
Net investment in capital assets	396,053,273	9,460,889
Restricted:		
Nonexpendable	-	132,304,589
Expendable	168,088,760	138,372,072
Unrestricted	101,868,399	15,528,693
Total net position	<u>\$ 666,010,432</u>	<u>\$ 295,666,243</u>

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

**State of Illinois
Illinois State University**

**Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024**

	<u>University</u>	<u>Discretely Presented Component Unit</u>
Operating revenues		
Student tuition and fees, net	\$ 212,876,039	\$ -
Federal grants and contracts	19,845,612	-
State and local grants and contracts	10,739,378	2,978,000
Nongovernmental grants and contracts	2,647,629	-
Sales and services of educational activities	3,064,099	-
Auxiliary enterprises:		
Auxiliary facilities, net	104,048,762	-
Other operating revenues	23,317,828	66,741
Total operating revenues	<u>376,539,347</u>	<u>3,044,741</u>
Operating expenses		
Educational and general:		
Instruction	167,803,499	-
Research	34,231,722	-
Public service	21,587,563	-
Academic support	32,471,707	-
Student services	58,836,962	-
Institutional support	49,921,576	-
Operations	-	4,405,252
Operation and maintenance of plant	45,769,874	-
Depreciation and amortization	32,034,745	316,722
Student aid	95,500,367	5,135,409
Auxiliary facilities:		
Student housing, activity facilities, and parking	84,917,807	-
Other operating expenditures	-	233,991
Expenditures on behalf of University and students	-	12,126,837
Total operating expenses	<u>623,075,822</u>	<u>22,218,211</u>
Operating loss	<u>(246,536,475)</u>	<u>(19,173,470)</u>

(Continued)

**State of Illinois
Illinois State University**

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended June 30, 2024**

	<u>University</u>	<u>Discretely Presented Component Unit</u>
Nonoperating revenues (expenses)		
State appropriations	\$ 78,242,400	\$ -
Payments on behalf of the University - State	47,641,000	-
Special funding situation - Pension and OPEB	11,791,191	-
Payments on behalf of the University - Foundation	4,454,578	-
Laboratory schools	10,301,644	-
Gifts and donations	5,183,444	14,713,659
Investment income, net of investment expenses	15,265,161	23,534,936
Interest expense	(5,858,833)	(65,029)
Nonoperating federal grants	36,454,618	-
Nonoperating state grants	48,961,392	-
Other nonoperating revenues	1,751,409	1,753,496
Other nonoperating expenses	-	(5,362,054)
Net nonoperating revenues	<u>254,188,004</u>	<u>34,575,008</u>
Income (loss) before capital items and additions to permanent endowments	<u>7,651,529</u>	<u>15,401,538</u>
Capital appropriations	5,951,995	-
Capital grants and gifts	623,657	-
Additions to permanent endowments	-	6,514,316
Total capital items and additions to permanent endowments	<u>6,575,652</u>	<u>6,514,316</u>
Increase in net position	<u>14,227,181</u>	<u>21,915,854</u>
Net position		
Beginning of year	<u>651,783,251</u>	<u>273,750,389</u>
End of year	<u>\$ 666,010,432</u>	<u>\$ 295,666,243</u>

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

**State of Illinois
Illinois State University**

**Statement of Cash Flows
For the Year Ended June 30, 2024**

Cash flows from operating activities	
Tuition and fees	\$ 254,644,401
Grants and contracts	35,086,463
Payments to suppliers	(147,053,980)
Payments to employees for salaries and benefits	(277,405,577)
Payments for scholarships and fellowships	(140,269,980)
Student loans issued	(261,736)
Collection of student loans	876,246
Payment of Perkins Federal Capital Contribution	(591,485)
Auxiliary enterprise charges, net	100,973,458
Sales and service of educational activities	3,064,099
Student account overpayments	76,137,335
Student account refunds	(76,137,335)
Sales, commissions, and event tickets	4,504,616
Other receipts	19,500,856
Net cash used in operating activities	<u>(146,932,619)</u>
Cash flows from noncapital financing activities	
State appropriations	78,241,564
Student direct lending receipts	81,449,102
Student direct lending disbursements	(81,449,102)
Nonoperating state grants	48,961,392
Nonoperating federal grants	36,454,618
Other receipts	1,752,080
Laboratory schools	10,306,818
Net cash provided by noncapital financing activities	<u>175,716,472</u>
Cash flows from capital and related financing activities	
Proceeds from issuance of capital debt:	
Capital long-term debt	13,850,000
Capital debt issuance costs	(87,332)
Gifts and grants for capital purposes	225,251
Net purchases of capital assets	(49,046,879)
Principal paid on lease and subscription assets	(5,985,091)
Interest paid on lease and subscription assets	(451,559)
Principal paid on capital debt	(15,850,000)
Interest paid on capital debt	(5,913,670)
Net cash used in capital and related financing activities	<u>(63,259,280)</u>
Cash flows from investing activities	
Proceeds from sales and maturities of investments	53,000,000
Interest on investments	12,440,405
Net cash provided by investing activities	<u>65,440,405</u>
Net increase in cash and cash equivalents	30,964,978
Balance, beginning of year	<u>216,441,114</u>
Balance, end of year	<u>\$ 247,406,092</u>

(Continued)

**State of Illinois
Illinois State University**

**Statement of Cash Flows
For the Year Ended June 30, 2024**

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	<u>\$ (246,536,475)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	32,034,745
Education and general payments on behalf of the University	52,095,578
Special funding situation - Pension and OPEB	11,791,191
Donated services and equipment below capitalization threshold	5,182,769
Changes in assets and liabilities:	
Accounts receivable, net	(6,610,200)
Student loans receivable, net	614,210
Inventories	212,735
Other assets	(36,239)
Deferred outflows of resources	(2,803,579)
Accounts payable and accrued liabilities	5,431,846
Unearned revenue	1,715,691
Federal loan program contributions refundable	(591,485)
Other postemployment benefits	2,193,877
Compensated absences	741,499
Deferred inflows of resources	(2,368,782)
Net cash used in operating activities	<u>\$ (146,932,619)</u>
Supplemental schedule of noncash transactions	
Payments on behalf of the University	\$ 52,095,578
Special funding situation	11,791,191
Donated capital assets	623,657
Capital appropriation acquisitions	5,951,995
Bond accretion	652,362
Donated equipment below capitalization threshold	2,327,725
Construction costs in accounts payable	4,948,496
Investment income unrealized loss and amortization	(2,660,833)
Lease obligations incurred for lease assets	3,028,178
Subscription obligations incurred for subscription assets	1,518,736
Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents classified as current assets	\$ 138,312,840
Restricted cash and cash equivalents classified as current assets	109,093,252
	<u>\$ 247,406,092</u>

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

**State of Illinois
Illinois State University**

**Statement of Fiduciary Net Position
For the Year Ended June 30, 2024**

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 500,960
Total assets	<u>500,960</u>
Liabilities	
Scholarships payable	<u>439,213</u>
Total liabilities	<u>439,213</u>
Net Position	
Restricted for Individuals and organizations	<u>61,747</u>
Total net position	<u>\$ 61,747</u>

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

**State of Illinois
Illinois State University**

**Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024**

	Custodial Funds
Additions	
Scholarship contributions	\$ 4,754,333
Participant contributions	183,398
	<hr/>
Total additions	4,937,731
	<hr/>
Deductions	
Scholarship payments & refunds	4,754,333
Benefits paid on-behalf of participants	175,187
	<hr/>
Total deductions	4,929,520
	<hr/>
Net increase in fiduciary net position	8,211
	<hr/>
Net position	
Beginning of year	53,536
	<hr/>
End of year	\$ 61,747
	<hr/> <hr/>

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

**State of Illinois
Illinois State University**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

Note 1. Summary of Significant Accounting Policies

The Financial Reporting Entity and Component Unit Disclosures

The Illinois State University (University), which is governed by the Board of Trustees, was founded in 1857 and is the oldest public institution of higher learning in Illinois. 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 government), its blended component unit (Illinois State University Global LLC (Global)), and its discretely presented component unit (the Illinois State University Foundation). The component unit discussed below is included in the University's financial reporting entity (the Entity) due to the significance of their financial relationship with the University and is in accordance with Governmental Accounting Standards Board (GASB) Statement Nos. 14, 39 and 61.

The Illinois State University Foundation (Foundation) is a University Related Organization (URO) as defined under the *University Guidelines* adopted by the State of Illinois' Legislative Audit Commission (LAC) in 1982, as amended. The Foundation is reported in a separate column to emphasize that it is a non-profit organization that is legally separate from the University. Complete financial statements for the Foundation may be obtained by writing the Illinois State University Foundation, Campus Box 8000, Normal, Illinois 61790-8000 or accessing its website at www.advancement.illinoisstate.edu/foundation.

The Foundation was incorporated in May 1948 under the "General Not-for-Profit Corporation Act" for the purpose of providing fund-raising and other assistance to the University in order to attract private gifts to support the University's instructional, research, and public service activities. The Foundation is an organization as described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, exempt from federal income tax. See Note 14, *Transactions with Related Organizations*.

The Foundation has formed two limited liability companies (LLCs) to carry out the Foundation's mission to assist the University. The Foundation is a sole member of each of these LLCs. The governing board for each LLC, known as "Launching Futures, LLC" and "Launching Futures II, LLC," consist of the executive officers of the Foundation. This LLC activity is included as part of the Foundation's financial statements.

The Illinois State University Global, LLC (Global) was established on March 8, 2018. Global is a URO as defined under the *University Guidelines* adopted by the LAC in 1982, as amended. Global was formed as a single member LLC of which the University is the sole owner. The University contributed \$25,000 to Global. Based on this financial relationship, Global is blended into the University's financial information. There was no activity for the year ended June 30, 2024.

The University is a discretely presented component unit of the State of Illinois for financial reporting purposes. The University is a component unit of the State of Illinois because the Governor appoints a majority of the Board of Trustees, the State is able to impose its will on the University, and the potential exists for the University to provide the State specific financial benefits or impose specific financial burdens on the State. The financial balances and activities included in these financial statements are also included in the State of Illinois' Annual Comprehensive Financial Report (ACFR). The State of Illinois' ACFR may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois 62704-1871 or accessing its website at www.illinoiscomptroller.gov.

State of Illinois
Illinois State University

Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Financial Statement Presentation: The University's business-type financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. In addition, the University's fiduciary financial statements include the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. All of these financial statements are prepared in accordance with GASB principles and presented on an entity-wide basis.

Standards Implemented: The University did not adopt any new GASB Statements during fiscal year ending June 30, 2024.

New Accounting Standards: Effective for the year ending June 30, 2025, the University will adopt GASB Statement No. 101, *Compensated Absences*. This Statement requires liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Management does not believe this will have a material impact on the fiscal year 2025 financial statements.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities and fiduciary activities, as defined by GASB Statements No. 35 and No. 84. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the University's business-type financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. Grant and contract revenues, which are received or receivable from external sources, are recognized as revenues to the extent of related expenses or satisfaction of eligibility requirements. Fiduciary activities are those where the University controls assets not generated by its own activity, where the assets are for the benefit of others and the University does not have administrative involvement or direct financial involvement with the assets such as third-party prepaid scholarships and academic alliances. Accordingly, the University's fiduciary financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, additions are recognized when earned when an event has occurred which results in the University holding fiduciary resources and deductions are recognized when an event has occurred that compels the government to disburse fiduciary resources. All significant intra-entity transactions within the business-type have been eliminated.

The Foundation follows the standards for financial statement presentation promulgated by the Financial Accounting Standards Board (FASB). Consequently, reclassifications have been made to convert their financial statements to the GASB format for inclusion in the component units column of the financial statements and disclosures.

Cash and Cash Equivalents: In accordance with GASB Statement No. 9, cash equivalents are defined as short-term, highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less at the date of purchase meet this definition.

**State of Illinois
Illinois State University**

**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Investments: The University accounts for its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. They are recorded at the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Accounts Receivable: Accounts receivable consist of tuition and fee charges to students and auxiliary facilities service provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The allowance is a calculation based on the type of accounts receivable and historical collections.

Loans to Students: The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts, which are based on historical collections.

Inventories: Inventories are carried at the lower of cost or market on either the first-in, first-out; weighted average; or average cost methods.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. Livestock for educational purposes is recorded at cost. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Software and other intangibles with a purchase price greater than \$100,000 are capitalized. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The University reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

The University maintains a large selection of historical artifacts. They range from a Lincoln manuscript, photographs, films, textiles, a fan leaf, artwork, circus memorabilia, rare books, and items relating to University history. They are held in Special Collections predominantly for the use of research or for public exhibition. These items are protected and overseen by a conservation team, kept unencumbered, and will not be sold. These items are not currently capitalized on the books of the University or depreciated.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings and infrastructure, 20 years for site improvements, 10 years for library books, 5 years for software and 3 to 7 years for equipment.

Lease Assets: Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Subscription Assets: Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Other Noncurrent Assets: Other noncurrent assets consist of amounts due from related parties that are not due within twelve months and are considered fully collectible.

Restricted Assets: These include all amounts restricted by bond covenants.

Deferred Outflows of Resources: Deferred outflows of resources represent the consumption of net assets that applies to a future reporting period and will not be recognized as an expense until that time. The amounts reported as deferred outflows of resources are comprised of amounts related to deferred losses on refunding, as well as pension and OPEB liabilities (see Notes 11 and 13, respectively, for more details on pension and OPEB, respectively). The losses on refunding are amortized over the life of the debt using the effective interest method.

Unearned Revenue: Unearned revenue includes amounts received for tuition and fees, advance ticket sales and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting period. Unearned revenue also includes advanced funds relating to cost reimbursement grants where expenditures have not yet been approved.

Compensated Absences: Accrued compensated absences includes each employee's earned but unused vacation and sick leave days, including the University's share of Social Security and Medicare taxes, valued at the current rate of pay at the fiscal year-end. The State Finance Act (30 ILCS 105/14a) provides that employees eligible to participate in the State Universities Retirement System are eligible for compensation at time of resignation, retirement, death or other termination of University employment for one-half (1/2) of the unused sick leave earned between January 1, 1984, and December 31, 1997. Any sick leave days that were earned before or after this period of time are not compensable. The current and long-term liabilities at year-end (see Note 10) and related expenses are recorded in the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position, respectively.

Deferred Inflows of Resources: Deferred inflows of resources represent the acquisition of net assets that are applicable to a future reporting period. The amount reported as deferred inflows of resources is related to deferred gains on refunding, lease related, and OPEB (see Note 10 and Note 13 for more information on leases and OPEB, respectively). The deferred gains on refunding are amortized over the life of the debt using the effective interest method.

Premiums and Discounts: Premiums and discounts for bonds and certificates of participation are reported within bonds payable and are amortized using the effective interest method.

Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Employment Contracts for Certain Academic Personnel: Employment contracts for certain academic personnel provide for twelve monthly salary payments, although the contracted services are rendered during a nine-month period. The liability for those employees who have completed their contracted services, but have not yet received final payment, was \$6,812,867 at June 30, 2024, and is recorded in the accompanying financial statements as accounts payable and accrued liabilities.

Pensions: For the purpose of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, 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.

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. 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 of Illinois (SERS), Teachers' Retirement System of the State of Illinois (TRS), and SURS.

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

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.

**State of Illinois
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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

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, 2023, the University made a voluntary appropriation repayment from its State appropriation that was not considered a contribution of \$989,058 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.

**State of Illinois
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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

On-Behalf Transactions: The University had outside sources of financial assistance provided by the State and the Foundation on behalf of the University during the year ended June 30, 2024.

First, 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, 2024, total estimated group insurance contributions for the University's employees paid from the University's Income Fund and auxiliary enterprises was \$49,834,904. The University made a voluntary appropriation repayment from either its State appropriation or locally held resources that was not considered a contribution of \$2,193,904 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 \$47,641,000 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.

Second, the Foundation paid certain operating costs on-behalf of the University during the year ended June 30, 2024, totaling \$7,811,408. These operating costs were for expenditures supporting the mission of the University.

As the University is legally responsible to pay for costs it incurred that the Foundation is paying on its behalf, the support provided by the Foundation is reflected as non-operating revenues and operating expenses allocated by the function and all related assets and liabilities are recorded within the University's financial statements.

Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Net Position: The University's net position is classified as follows:

Net investment in capital assets: This represents the University's total investment in capital, lease and subscription assets less accumulated depreciation and amortization, net of outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position - nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net position - expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. This includes resources and fees derived from auxiliary facilities.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, State appropriations, and sales and services of educational departments. These resources are not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board of Trustees.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Taxes: Certain activities of the University are subject to State sales tax and some activities may be subject to taxation as unrelated business income under the Internal Revenue Code.

Classification of Revenue: The University has classified its revenue as either operating or nonoperating revenue according to the following criteria:

Operating revenue: Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary facilities, net of scholarship discounts and allowances, (3) most federal, State and local grants and contracts except for certain student financial aid classified as nonoperating revenues, (4) interest on institutional student loans, and (5) other operating revenue consists of indirect cost recovery, event tickets, conference income, and other miscellaneous fees.

Nonoperating revenue: Nonoperating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions. Other significant revenues that are expected to be recurring, including Pell grants, Federal Supplemental Educational Opportunity grants, State Monetary Award Program grants, State appropriations and University Laboratory Schools, Thomas Metcalf and University High School, are considered nonoperating revenues under GASB Statement No. 34.

State of Illinois
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Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Classification of Expenses: The majority of the University's expenses are exchange transactions, which GASB defines as operating expenses for financial statement presentation. Operating expenses also include transactions related to subsidies. Nonoperating expenses include interest expense of the University.

Scholarship Discounts and Allowances: Student tuition and fee revenue, and certain other revenue from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position using the National Association of College and University Business Officers' Advisory Report 2000-05's alternate method calculations. Stipends and other payments made directly to students are reported as scholarship and fellowship expense. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants and other federal, State, or nongovernmental programs are recorded as either operating or nonoperating revenue in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. The portion of tuition and fees from summer classes applicable to the subsequent fiscal year are recorded as unearned revenue during the current fiscal year and are recognized as revenue during the next fiscal year.

	<u>2024</u>
Student tuition and fees	\$ 292,068,463
Less scholarship discounts and allowances	(77,962,151)
Less discounts for employee waivers	<u>(1,230,273)</u>
Net student tuition and fees	<u>\$ 212,876,039</u>
Auxiliary facilities	\$ 122,176,101
Less scholarship discounts and allowances	<u>(18,127,339)</u>
Net auxiliary facilities	<u>\$ 104,048,762</u>

Use of Estimates in Preparing Financial Statements: 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**State of Illinois
Illinois State University**

**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 2. Deposits

At June 30, 2024, the University's bank balance was \$42,317,706, and was covered by the Federal Deposit Insurance Corporation or pledged collateral held by the pledging financial instruction in the University's name. The University has no exposure to foreign currency risk.

Foundation Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned. The Federal Deposit Insurance Corporation or the Security Investor Protection Corporation insured account had a balance of \$7,678,901 at June 30, 2024. Bank balances of \$8,559,289 at June 30, 2024, were invested in investment sweep funds secured by U.S. government obligations.

Note 3. Investments

University Investments

As of June 30, 2024, the University had the following investments:

	Fair Market Value	Less Than 1 Year	1 to 5 Years	S&P/Moody's Rating
U.S. Treasuries	\$ 39,224,400	\$ 29,372,900	\$ 9,851,500	N/A / Aaa
Federal Home Loan Bank	29,121,000	19,769,000	9,352,000	AA+ / Aaa
Illinois Funds Investment Pool*	126,302,705	126,302,705	-	AAAm / N/A
Money Market Funds*	57,810,438	57,810,438	-	AAAm/ Aaamf
Total University	<u>\$ 252,458,543</u>	<u>\$ 233,255,043</u>	<u>\$ 19,203,500</u>	

*Illinois Funds and Money Market Funds are valued at amortized cost, which approximates fair value.

	Fair Market Value	Level 1	Level 2	Level 3
U.S. Treasuries	\$ 39,224,400	\$ -	\$ 39,224,400	\$ -
Federal Home Loan Bank	29,121,000	29,121,000	-	-
Total University	<u>\$ 68,345,400</u>	<u>\$ 29,121,000</u>	<u>\$ 39,224,400</u>	<u>\$ -</u>

GASB 72 Leveling: Level 1 inputs are quoted prices from active markets for identical assets that can be accessed at a measurement date. Level 2 inputs are derived from observable market data, either directly or indirectly that are other than Level 1. Level 2 investments are valued based on matrix pricing provided by the custodian. Level 3 inputs are derived from unobservable inputs that are not corroborated by market data.

**State of Illinois
Illinois State University**

**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 3. Investments (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University places no limit on the amount that may be invested in any one issuer. More than 5% of the University investments are in Federal Home Loan Bank (11.5%).

Custodial Credit Risk: For an investment, this is the risk that in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The University had no custodial credit risk exposure as of June 30, 2024, because all investments are held by the University's agent in the University's name.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Public Funds Investment Act (30 ILCS 235) authorizes investments of U.S. government securities (treasuries and agencies), commercial paper (not more than 33% of total cash and investments), money market mutual funds, and repurchase agreements. The University's investments are rated by the Moody's Investors Service and the Standard & Poor's Corporation.

The Illinois Funds is an external investment pool administered by the State Treasurer. The value of the University's investment fund is the same as the value of pool shares and the investments are reported by the State Treasurer at amortized cost. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Public Funds Investment Act (30 ILCS 235), the State Treasurer Act (15 ILCS 505/17) and the Deposit of State Moneys Act (15 ILCS 520/22.5). The University has adopted a formal written investment and cash management policy.

Bond resolutions restrict investments in the Auxiliary Debt Retirement account to U.S. government securities. All other auxiliary facilities money may be invested in any instrument permitted by the laws of the State of Illinois for the investment of public funds.

**State of Illinois
Illinois State University**

**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 3. Investments (Continued)

Foundation Investments

The fair value of the investment portfolio of the Foundation at June 30, 2024, is as follows:

	Fair Market Value	Level 1	Level 2	Level 3
Common Stock	\$ 1,317,459	\$1,317,459	\$ -	\$ -
Mutual Funds investing in:				
Stocks	549,147	-	549,147	-
Bonds	1,774,757	-	1,774,757	-
International	180,028	-	180,028	-
Real Assets Marketable Funds	14,239	-	14,239	-
Hedged and Alternative Funds	162,438	-	162,438	-
Real Estate Investment	600,631	-	-	600,631
	<u>600,631</u>	<u>-</u>	<u>-</u>	<u>600,631</u>
Total Foundation	<u>\$ 4,598,699</u>	<u>\$1,317,459</u>	<u>\$ 2,680,609</u>	<u>\$ 600,631</u>

**State of Illinois
Illinois State University**

**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 3. Investments (Continued)

Foundation Investments

As part of the Foundation's investment portfolio, there are investments in entities in which purchases and withdrawals within these entities are not made in an open market. Instead, the purchases and withdrawals occur with the entities, and in certain circumstances, those transactions are entirely controlled and/or restricted by the entity. The fair value of these investments is determined by the management of the entities and is reported to the Foundation as the Foundation's proportionate share of the net asset fair value of the entity. The following table sets forth additional disclosure of the Foundation's investments whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of June 30, 2024.

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Mutual Funds investing in:				
Stocks	\$ 82,851,238		Daily/Monthly	1/5 Days
Bonds	53,271,338		Daily/Weekly/Monthly	1/5/90 Days
Real Assets Marketable Funds	34,035,026	18,382,802	(A)	(A)
Hedged and Alternative Funds	<u>84,959,615</u>	<u>36,420,637</u>	(B)	(B)
 Total Foundation	 <u>\$ 255,117,217</u>	 <u>\$ 54,803,439</u>		

(A) The partnerships in this category consist of funds that invest in multiple limited partnerships with various investment strategies. Investments include private real estate funds that target a 13%-18% compounded annual rate, as well as equity investments and property acquisition strategies. A small portion of these funds can be redeemed daily and quarterly with a redemption notice period of 2 to 120 days, with the majority not redeemable until the termination date of the fund which ranges through June 22, 2033.

(B) The partnerships in this category consist of funds that invest in the following types of investments in the United States and various international markets: private equity, venture capital, stressed debt, special situation and mezzanine debt investments, growth equity, buyouts, venture capital, common stocks, and equity investments. A portion of these funds are redeemable quarterly with a redemption notice period of 65 days. The majority are not redeemable until the termination date of the fund, which ranges from December 11, 2024, through October 1, 2033.

Foundation policy states that assets are to be invested in a diversified portfolio of equity, fixed income, and alternative strategies. No investment is to be made that will cause the total investment in equities or fixed income securities issued or guaranteed by any one person, firm, or corporation to exceed five percent of the then fair market value of the Foundation; provided, this restriction is not to apply to either well diversified mutual funds, pooled funds, unit trust, or the like, or direct obligations of the U.S. government and its fully guaranteed agencies. Equity investments have an asset allocation range from 45% to 70% of the portfolio with a target weight of 55%; fixed income investments have an asset allocation range from 0% to 30% with a target weight of 20%; marketable alternative investments have an asset allocation range from 0% to 20% with a target weight of 10%; and real assets have an asset allocation range from 0% to 25% with a target weight of 15%.

**State of Illinois
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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 3. Investments (Continued)

Foundation Investments

Interest Rate Risk: The Foundation's investment policy requires the average duration of the fixed income portfolio to be within 20% of the duration of the index to which the portfolio is benchmarked.

Credit Risk: Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Foundation's investment policy states that no more than 25% of the fixed income portfolio may be rated below investment grade.

As of June 30, 2024, the Foundation had the following investments exposed to interest rate risk and credit risk:

	<u>Fair Market Value</u>	<u>Weighted Average Life</u>	<u>S&P Rating</u>
Bond Mutual Funds	\$ 53,726,519	3.49 years	A+

Foreign Currency Risk. Foreign currency risk exists when there is a possibility that changes in exchange rates could adversely affect investments denominated in foreign currencies. The Foundation does not have a formal policy that addresses foreign currency risk.

As of June 30, 2024, the Foundation had \$13,832,162 in U.S. dollar balances of international mutual fund investments exposed to foreign currency risk.

Investments consist of the following:

	<u>University</u>	<u>Foundation</u>
Current:		
Investments	\$ 49,141,900	\$ -
Noncurrent:		
Investments	19,203,500	259,715,916
	<u>68,345,400</u>	<u>259,715,916</u>
Investments classified as cash and cash equivalents:		
Illinois Funds Investment Pool	126,302,705	-
Money Market Funds	57,810,438	-
	<u>184,113,143</u>	<u>-</u>
Total	<u>\$ 252,458,543</u>	<u>\$ 259,715,916</u>

**State of Illinois
Illinois State University**

**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 4. Accounts Receivable

Accounts receivable consist of the following at June 30, 2024:

Student tuition and fees	\$ 16,479,687
Auxiliary facilities and other operating activities	10,889,674
Other	7,017,988
Federal, state, and private grants and contracts	<u>12,876,802</u>
Subtotal	47,264,151
Less allowance for uncollectible accounts	<u>(8,393,048)</u>
	<u>\$ 38,871,103</u>
Unrestricted	\$ 30,852,824
Restricted	<u>8,018,279</u>
Net accounts receivable	<u>\$ 38,871,103</u>

Note 5. Student Loans Receivable

Student loans receivable at June 30, 2024, is summarized as follows:

Perkins student loan fund	\$ 1,913,074
Nursing loan fund	662,672
University loan fund	<u>21,524</u>
Subtotal	2,597,270
Less allowance for uncollectible accounts	<u>(299,895)</u>
Net student loans receivable	<u>\$ 2,297,375</u>
Estimated current portion	\$ 1,191,285
Estimated noncurrent portion	<u>1,106,090</u>
Total	<u>\$ 2,297,375</u>

**State of Illinois
Illinois State University**

**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 6. Foundation Pledges Receivable

Foundation pledges receivable at June 30, 2024, is summarized as follows:

Pledges to be collected	\$ 14,159,333
Less discount for the time value of money	(989,268)
Less allowance for uncollectible accounts	<u>(418,255)</u>
Net foundation pledges receivable	<u>\$ 12,751,810</u>
Estimated current portion	\$ 4,665,292
Estimated noncurrent portion	<u>8,086,518</u>
Total	<u>\$ 12,751,810</u>

Note 7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consists of the following at June 30, 2024:

General operations	\$ 13,993,881
Salaries and wages	11,965,989
Construction	5,524,999
Grants and contracts	<u>3,690,510</u>
Accounts payable and accrued liabilities	<u>\$ 35,175,379</u>

Note 8. Unearned Revenue

Unearned revenue consists of the following at June 30, 2024:

Prepaid tuition and fees	\$ 9,155,581
Auxiliary facilities	723,151
Grants and contracts	4,380,736
Other	<u>95,678</u>
Unearned revenue	<u>\$ 14,355,146</u>

**State of Illinois
Illinois State University**

**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 9. Capital, Leased and Subscription Assets

Capital, leased and subscription asset activity for the year ended June 30, 2024, is summarized as follows:

University	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 18,577,325	\$ -	\$ -	\$ -	\$ 18,577,325
Construction in progress	36,545,768	48,421,820	(7,229)	(15,421,086)	69,539,273
Total capital assets not being depreciated	55,123,093	48,421,820	(7,229)	(15,421,086)	88,116,598
Capital assets being depreciated and amortized					
Site improvements	41,206,462	-	-	411,886	41,618,348
Infrastructure	13,146,983	-	-	-	13,146,983
Buildings	773,762,468	-	-	15,009,200	788,771,668
Lease buildings	8,093,023	2,717,714	-	-	10,810,737
Equipment	103,830,623	7,223,612	(4,444,645)	-	106,609,590
Lease equipment	2,712,097	310,464	(475,353)	-	2,547,208
Internally generated software	30,692,278	-	-	-	30,692,278
Subscription based IT Arrangements	12,700,399	1,518,736	(1,308,891)	-	12,910,244
Non-internally generated software	3,175,762	-	-	-	3,175,762
Library materials	16,057,156	527,877	(4,025,656)	-	12,559,377
Total capital assets being depreciated and amortized	1,005,377,251	12,298,403	(10,254,545)	15,421,086	1,022,842,195
Less accumulated depreciation and amortization for:					
Site improvements	20,633,646	1,149,154	-	-	21,782,800
Infrastructure	10,006,734	286,274	-	-	10,293,008
Buildings	351,445,894	18,332,517	-	-	369,778,411
Lease buildings	1,810,124	1,152,710	-	-	2,962,834
Equipment	93,727,972	4,075,509	(4,390,199)	-	93,413,282
Lease equipment	1,082,188	618,619	(435,090)	-	1,265,717
Internally generated software	18,258,656	1,028,990	-	-	19,287,646
Subscription based IT Arrangements	3,555,611	4,173,579	(1,308,892)	-	6,420,298
Non-internally generated software	3,175,762	-	-	-	3,175,762
Library materials	11,960,487	1,217,393	(4,025,656)	-	9,152,224
Total accumulated depreciation and amortization	515,657,074	32,034,745	(10,159,837)	-	537,531,982
Total capital assets being depreciated or amortized, net	489,720,177	(19,736,342)	(94,708)	15,421,086	485,310,213
Capital assets, net	<u>\$ 544,843,270</u>	<u>\$ 28,685,478</u>	<u>\$ (101,937)</u>	<u>\$ -</u>	<u>\$ 573,426,811</u>
Component Unit	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 980,000	\$ -	\$ -	\$ -	\$ 980,000
Capital assets being depreciated or amortized					
Buildings	7,775,670	5,890,841	-	-	13,666,511
Site improvements	3,798,455	107,625	-	-	3,906,080
Equipment	52,417	-	-	-	52,417
Total capital assets being depreciated or amortized	11,626,542	5,998,466	-	-	17,625,008
Less accumulated depreciation and amortization					
Buildings	4,094,102	272,998	-	-	4,367,100
Site improvements	2,854,077	40,800	-	-	2,894,877
Equipment	34,382	2,925	-	-	37,307
Total accumulated depreciation and amortization	6,982,561	316,723	-	-	7,299,284
Total capital assets being depreciated or amortized	4,643,981	5,681,743	-	-	10,325,724
Capital assets, net	<u>\$ 5,623,981</u>	<u>\$ 5,681,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,305,724</u>

**State of Illinois
Illinois State University**

**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 10. Long-term Liabilities

University Long-term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Total				
Accrued compensated absences	\$ 17,079,506	\$ 2,102,065	\$ (1,360,567)	\$ 17,821,004
Leases payable	8,098,691	3,028,178	(1,786,823)	9,340,046
Subscription based IT Arrangements	8,660,491	1,518,736	(4,198,268)	5,980,959
Certificates of participation, net	15,732,654	16,662	(1,165,000)	14,584,316
Certificates of participation, direct borrowing	26,010,000	13,850,000	(5,230,000)	34,630,000
Revenue bonds payable, net	71,380,906	-	(6,237,362)	65,143,544
Revenue bonds payable, direct borrowing	59,905,000	-	(3,870,000)	56,035,000
Total	\$ 206,867,248	\$ 20,515,641	\$ (23,848,020)	\$ 203,534,869
Current portion				
Accrued compensated absences	\$ 1,854,363			\$ 1,828,571
Leases payable	1,549,095			1,625,304
Subscription based IT Arrangements	3,803,814			3,006,723
Certificates of participation, net	1,165,000			1,205,000
Certificates of participation, direct borrowing	3,895,000			5,210,000
Revenue bonds payable, net	5,585,000			5,860,000
Revenue bonds payable, direct borrowing	3,870,000			3,975,000
Total current portion	\$ 21,722,272			\$ 22,710,598
Noncurrent portion				
Accrued compensated absences	\$ 15,225,143			\$ 15,992,433
Leases payable	6,549,596			7,714,742
Subscription based IT Arrangements	4,856,677			2,974,236
Certificates of participation, net	14,567,654			13,379,316
Certificates of participation, direct borrowing	22,115,000			29,420,000
Revenue bonds payable, net	65,795,906			59,283,544
Revenue bonds payable, direct borrowing	56,035,000			52,060,000
Total noncurrent portion	\$ 185,144,976			\$ 180,824,271

**State of Illinois
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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Revenue bonds payable at June 30, 2024, consisted of the following:

Revenue Bonds, Series 2016:	
Refunding Bonds	\$ 13,815,000
Revenue Bonds, Series 2018:	
Refunding Bonds	33,110,000
Refunding Bonds	14,630,000
New Project Bonds - Direct Borrowing	2,660,000
Revenue Bonds, Series 2020:	
New Project Bonds - Direct Borrowing	32,730,000
Revenue Bonds, Series 2022:	
New Project Bonds - Direct Borrowing	9,435,000
New Project Bonds - Direct Borrowing	<u>11,210,000</u>
 Total Revenue Bonds payable	 <u><u>\$ 117,590,000</u></u>

Maturities and interest requirements on revenue bonds payable at June 30, 2024, are as follows:

Year Ending June 30	Bonds		Bonds from Direct Borrowings		Principal Total	Interest Total
	Principal	Interest	Principal	Interest		
2025	\$ 5,860,000	\$ 2,968,400	\$ 3,975,000	\$ 1,240,849	\$ 9,835,000	\$ 4,209,249
2026	6,155,000	2,675,400	4,090,000	1,130,427	10,245,000	3,805,827
2027	6,460,000	2,367,650	4,200,000	1,016,624	10,660,000	3,384,274
2028	6,755,000	2,077,700	4,315,000	899,406	11,070,000	2,977,106
2029	<u>4,390,000</u>	<u>1,800,238</u>	<u>3,720,000</u>	<u>778,776</u>	<u>8,110,000</u>	<u>2,579,014</u>
Subtotal	29,620,000	11,889,388	20,300,000	5,066,082	49,920,000	16,955,470
2030-2034	18,120,000	6,064,250	14,135,000	2,399,237	32,255,000	8,463,487
2035-2039	13,815,000	2,139,750	6,215,000	1,407,672	20,030,000	3,547,422
2040-2044	-	-	6,685,000	937,125	6,685,000	937,125
2045-2049	-	-	7,195,000	430,930	7,195,000	430,930
2050	-	-	<u>1,505,000</u>	<u>22,123</u>	<u>1,505,000</u>	<u>22,123</u>
Subtotal	61,555,000	<u>\$20,093,388</u>	<u>\$56,035,000</u>	<u>\$10,263,169</u>	117,590,000	<u>\$30,356,557</u>
Additions:						
Unamortized premiums	<u>3,588,544</u>				<u>3,588,544</u>	
Total	<u>\$65,143,544</u>				<u>\$121,178,544</u>	

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Revenue Bonds Payable

The Series 2016, 2018, and 2020 bonds are secured by a pledge of the net revenue of auxiliary facilities, as well as the pledged portion of the tuition, health service, and athletic and service fees charged to students. None of these revenue bonds constitute obligations of the State.

On May 16, 2012, \$21,280,000 in Revenue Bonds, Series 2012 were issued. The Series 2012 Bonds consisted of \$18,230,000 of Series 2012A Bonds and \$3,050,000 Series 2012B (taxable) Bonds. The Series 2012A Bonds mature beginning April 1, 2018, and continue through April 1, 2032. The Series 2012A Bonds bear interest from 3.00% to 4.00%. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2012. The Series 2012B Bonds matured April 1, 2018. On August 16, 2022, Series 2022B Revenue Bonds were issued to refund the outstanding principal on Series 2012A.

On March 31, 2016, \$33,320,000 in Revenue Bonds, Series 2016 were issued. Proceeds of the bonds were used to refund the outstanding principal of the Series 2006 Revenue Bonds. The refunding resulted in a net decrease in the debt service payment of \$7,095,252 and an estimated savings of \$3,604,868 in present value. The Series 2016 Bonds mature beginning April 1, 2017, and continuing through April 1, 2029. These refunding bonds bear interest from 2.00% to 5.00%. Interest is payable on April 1 and October 1 of each year, commencing October 1, 2016.

On February 28, 2018, the University issued \$41,765,000 in Series 2018A and \$21,370,000 Series 2018B Auxiliary Facilities System Revenue Bonds which refunded the Series 2017 and Series 2008 Bonds. The refunding resulted in a net increase in the debt service payment of \$5,539,016 and an estimated savings of \$15,118,204 in present value. The Series 2018A Bonds mature beginning April 1, 2018, and continuing through April 1, 2039. These bonds bear interest from 4.0% to 5.0%. The Series 2018B Bonds mature beginning April 1, 2019, and continue through April 1, 2033. These bonds bear interest at 5.0%. Interest is payable on April 1 and October 1, commencing April 1, 2018.

Revenue Bonds Payable – Direct Borrowing

On December 5, 2018, the University issued \$6,200,000 in Series 2018C Auxiliary Facilities System Revenue Bonds. Bond proceeds were used to pay for partial renovations to Redbird Arena. The 2018C Bonds mature beginning April 1, 2019 and continuing through April 1, 2028. These bonds bear interest at 3.12%. Interest is payable on April 1, and October 1, commencing April 1, 2019. Series 2018C were direct borrowing bonds. The unused line of credit at June 30, 2024, was \$0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

On July 30, 2020, the University issued \$36,950,000 in Series 2020A Auxiliary Facilities System Revenue Bonds. Bond proceeds were used to reimburse the University for the Watterson Towers HVAC project completed in the Summer of 2019 and for renovations of the Multi-Cultural Center on campus. These bonds bear interest at 1.47%. Interest is payable on April 1 and October 1, commencing October 1, 2020. Series 2020A were direct borrowing bonds. The unused line of credit at June 30, 2024, was \$0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Revenue Bonds Payable – Direct Borrowing (Continued)

On June 30, 2022, the University issued \$11,500,000 in Series 2022A Auxiliary Facilities System Revenue Bonds. Bond proceeds were used to pay for the construction of the athletics indoor practice facility. These bonds bear interest at 3.62%. Interest is payable on April 1 and October 1, commencing October 1, 2022. Series 2022A were direct borrowing bonds. The unused line of credit at June 30, 2024, was \$0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

On August 16, 2022, the University issued \$13,775,000 in Series 2022B Auxiliary Facilities System Revenue Bonds. Proceeds of the bonds were used to refund the outstanding principal of the Series 2012A Revenue Bonds. The refunding resulted in a net decrease in the debt service payment of \$700,616 and an estimated savings of \$584,347 in present value. These refunding bonds bear interest at 2.99%. Interest is payable on April 1 and October 1 of each year, commencing April 1, 2023. Series 2022B were direct borrowing bonds. The unused line of credit at June 30, 2024, was \$0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

As a requirement of issuing revenue bonds the University is subject to certain covenants. The University monitors its compliance with these covenants.

Revenue Bonds Payable – Pledged Revenue and Service Requirements

The University has pledged fees relating to tuition, health services, athletics, health insurance, student activities, and all other fees (excluding laboratory and library fees) collected from students, to repay the principal and interest of revenue bonds. A total of \$147,946,556 of future revenues is pledged through 2049. Debt service to pledged revenues for the current year is 6.05%.

For the year ended June 30, 2024, principal and interest paid by the University were \$14,050,656 and net revenues pledged were \$232,307,132.

**State of Illinois
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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Certificates of Participation Payable

Certificates of Participation payable at June 30, 2024, consisted of the following:

Certificates of Participation	
Series 2014-A2	\$ 14,635,000
Certificates of Participation - Direct Borrowing	
Series 2019	5,960,000
Series 2021A	5,410,000
Series 2021B	10,745,000
Series 2023	<u>12,515,000</u>
 Total Certificates of Participation	 <u>\$ 49,265,000</u>

Maturities and interest requirements on certificates of participation at June 30, 2024, are as follows:

Year Ending June 30	Certificates of Participation		COPS from Direct Borrowings		Principal Total	Interest Total
	Principal	Interest	Principal	Interest		
2025	\$ 1,205,000	\$ 580,300	\$ 5,210,000	\$ 714,909	\$ 6,415,000	\$ 1,295,209
2026	1,255,000	532,100	5,320,000	614,218	6,575,000	1,146,318
2027	1,305,000	486,606	4,840,000	511,314	6,145,000	997,920
2028	1,360,000	437,669	4,945,000	414,150	6,305,000	851,819
2029	1,415,000	384,969	3,485,000	314,814	4,900,000	699,783
Subtotal	<u>6,540,000</u>	<u>2,421,644</u>	<u>23,800,000</u>	<u>2,569,405</u>	<u>30,340,000</u>	<u>4,991,049</u>
2030-2034	<u>8,095,000</u>	<u>1,025,538</u>	<u>10,830,000</u>	<u>540,031</u>	<u>18,925,000</u>	<u>1,565,569</u>
Subtotal	14,635,000	<u>\$ 3,447,182</u>	<u>\$34,630,000</u>	<u>\$ 3,109,436</u>	49,265,000	<u>\$ 6,556,618</u>
Additions (deductions):						
Unamortized discounts	<u>(50,684)</u>				<u>(50,684)</u>	
Total	<u>\$ 14,584,316</u>				<u>\$49,214,316</u>	

On May 14, 2014, \$25,000,000 in Certificates of Participation were issued. The Series 2014 Certificates of Participation consisted of \$9,200,000 of Series 2014A-1 Certificates of Participation and \$15,800,000 Series 2014A-2 Certificates of Participation. The Series 2014A-2 Certificates of Participation mature beginning April 1, 2024, and continuing through April 1, 2034. The Series 2014A-2 Certificates of Participation bear interest from 3.625% to 4.125%. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2014.

**State of Illinois
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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Certificates of Participation Payable – Direct Borrowing

On October 31, 2019, \$12,705,000 in Certificates of Participation were issued. The proceeds from the issuance were to refinance Certifications of Participation Series 2008. The 2019 Certificates of Participation mature beginning April 1, 2020, continuing through April 1, 2028. These Certificates of Participation bear interest at 1.81%. Interest is payable on April 1 and October 1 of each year, commencing April 1, 2020. The unused line of credit at June 30, 2024, was \$0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

On March 31, 2021, \$8,500,000 of Certificates of Participation were issued. The proceeds from the issuance were to refinance Certifications of Participation Series 2011. The 2021 Certificates of Participation mature beginning April 1, 2022, continuing through April 1, 2032. These Certificates of Participation bear interest at 1.34%. Interest is payable on April 1 and October 1 of each year, commencing October 1, 2021. The unused line of credit at June 30, 2024, was \$0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

On October 28, 2021, \$15,100,000 of Certificates of Participation were issued. The proceeds from the issuance were used to fund the College of Fine Arts Rehabilitation Project. The 2021B Certificates of Participation mature beginning April 1, 2022, continuing through April 1, 2031. These Certificates of Participation bear interest at 1.83%. Interest is payable on April 1 and October 1 of each year, commencing April 1, 2022. The unused line of credit at June 30, 2024, was \$0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

On August 2, 2023, \$13,850,000 of Certificates of Participation were issued. The proceeds from the issuance were used to fund the University’s Mennonite School of Nursing simulation lab. The 2023 Certificates of Participation mature beginning April 1, 2024, continuing through April 1, 2033. These Certificates of Participation bear interest at 2.7%. Interest is payable on April 1 and October 1 of each year, commencing October 1, 2023. The unused line of credit at June 30, 2024, was \$0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

Accrued Compensated Absences

Compensated absences consist of accrued vacation and sick leave. The total for accrued vacation and sick leave for the University is shown below:

	Vacation	Sick	Total
2024	\$ 16,835,727	\$ 985,277	\$ 17,821,004

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 10. Long-term Liabilities (Continued)

Leases Payable

A. Lessee arrangements

The University has entered into various leases for office facilities, office and computer equipment, and other right-to-use assets with remaining lease terms ranging from less than one year to ten years. Renewal terms and termination options are included in the right-to-use asset and lease liability balances. This reflects that it is reasonably certain renewal periods will be exercised and termination options will not be exercised. There were no variable payments for the year ended June 30, 2024.

B. Lessee arrangements

At June 30, 2024, right-to-use assets under leases are as follows:

Buildings	\$	10,810,737
Equipment		<u>2,547,208</u>
Subtotal	\$	13,357,945
Less accumulated amortization		<u>(4,228,551)</u>
Total	\$	<u><u>9,129,394</u></u>

Future minimum commitments for non-cancelable leases as of June 30, 2024, are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,625,304	\$ 186,333	\$ 1,811,637
2026	1,380,642	156,362	1,537,004
2027	1,363,994	129,221	1,493,215
2028	1,304,061	103,378	1,407,439
2029	<u>1,209,288</u>	<u>78,939</u>	<u>1,288,227</u>
Subtotal	6,883,289	654,233	7,537,522
2030-2034	<u>2,456,757</u>	<u>121,946</u>	<u>2,578,703</u>
Total	<u><u>\$ 9,340,046</u></u>	<u><u>\$ 776,179</u></u>	<u><u>\$10,116,225</u></u>

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 10. Long-term Liabilities (Continued)

Leases Payable (Continued)

C. Lessor arrangements

The University leases space within its facilities and residence halls to commodity retailers. These agreements have terms ranging from less than one year to ten years. The University recognized \$4,800 in lease revenue, including interest and other related revenues for the period ending June 30, 2024. A few of these leases have variable payments that are not included in the measurement of the lease receivable. These variable payments are based on a percentage of total retailer gross receipts. The University recognized \$319,544 in revenues related to these variable payments not included in the measurement of the lease receivable.

No debt has been issued that is secured by these lease payments. Additionally, the University has no leases of assets that are reported as investments, certain regulated leases, sublease transactions, sale-leaseback transactions, and lease-leaseback transactions.

Subscription-Based IT Arrangements

The University has entered into various subscription-based IT arrangements for software with remaining terms ranging from less than one year to ten years. Renewal terms and termination options are included in the right-to-use asset and liability balances. This reflects that it is reasonably certain renewal periods will be exercised and termination options will not be exercised.

Subscription based IT arrangements contain both fixed and variable subscription payments. These exist primarily within the agreement for cloud-based storage space. These variable payments are not included in the calculation of the liability as they are not fixed in substance. The expenditures for variable payments not previously included in the measurement of the liability during the fiscal year ended June 30, 2024, were \$412,574. At June 30, 2024, right-to-use assets under subscription-based IT arrangements are \$12,910,244 with accumulated amortization of \$6,420,298.

Future minimum commitments for non-cancelable subscription-based IT arrangements as of June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 3,006,723	\$ 135,812	\$ 3,142,535
2026	2,124,760	56,100	2,180,860
2027	482,586	18,065	500,651
2028	196,972	6,221	203,193
2029	82,130	3,203	85,333
Subtotal	<u>5,893,171</u>	<u>219,401</u>	<u>6,112,572</u>
2030-2034	87,788	9	87,797
Total	<u>\$ 5,980,959</u>	<u>\$ 219,410</u>	<u>\$ 6,200,369</u>

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 10. Long-term Liabilities (Continued)

Foundation Long-term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Total				
Beneficiary payments	\$ 828,705	\$ 157,213	\$ (154,398)	\$ 831,520
Contract-for-deed payable	1,973,731	-	(128,896)	1,844,835
	<u>\$ 2,802,436</u>	<u>\$ 157,213</u>	<u>\$ (283,294)</u>	<u>\$ 2,676,355</u>
Current portion				
Beneficiary payments	\$ 123,959			\$ 154,398
Contract-for-deed payable	128,896			133,506
	<u>\$ 252,855</u>			<u>\$ 287,904</u>
Noncurrent portion				
Beneficiary payments	\$ 704,746			\$ 677,122
Contract-for-deed payable	1,844,835			1,711,329
	<u>\$ 2,549,581</u>			<u>\$ 2,388,451</u>

Foundation Contract-for-Deed Payable

Long-term debt at June 30, 2024, consisted of a \$3,300,000 installment contract-for-deed secured by the Alumni Center building. The contract requires 119 monthly payments of \$16,160 at 3.34% interest with a final payment of the remaining outstanding balance.

Maturities and interest requirements on the contract payable at June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total
2025	133,506	60,419	193,925
2026	1,711,329	28,574	1,739,903
Total	<u>\$ 1,844,835</u>	<u>\$ 88,993</u>	<u>\$ 1,933,828</u>

Note 11. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description: The University contributes to the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit 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 considered a component unit of the State of Illinois' financial reporting entity and is included in the State's Annual Comprehensive Financial Report (ACFR) 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 its website at www.SURS.org.

Benefits Provided: A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. Tier 1 of the traditional and portable plan 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 six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2023, can be found in the Financial Section of SURS ACFR.

Contributions: The State 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 the System 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 2023 and 2024, respectively, was 12.83% and 12.53% 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 General Assembly.

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 earning 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).

Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 11. Defined Benefit Pension Plan (Continued)

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

Net Pension Liability: The net pension liability (NPL) was measured as of June 30, 2023. At June 30, 2023, SURS defined benefit plan reported an NPL of \$29,444,538,098.

University's Proportionate Share of Net Pension Liability: The amount of the proportionate share of the net pension liability to be recognized by the University is \$0. The proportionate share of the State's net pension liability associated with the University is \$1,238,203,188 or 4.2052%. The University's proportionate share changed by (0.1644%) from 4.3696% since the last measurement date on June 30, 2022. This amount is not recognized in the University's financial statements. The net pension liability and the total pension liability as of June 30, 2023, was determined based on the June 30, 2022, 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 2022.

Defined Benefit Pension Expense: For the year ending June 30, 2023, SURS defined benefit plan reported a collective net pension expense of \$1,884,388,521.

University's Proportionate Share of Pension Expense: The University's proportionate share of collective defined benefit pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of 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 2022. As a result, the University recognized revenue and pension expense of \$79,242,400 from this special funding situation during the year ended June 30, 2024.

Deferred Outflows of Resources 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.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 11. Defined Benefit Pension Plan (Continued)

Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the June 30, 2023, 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, 2023, 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

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 pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 11. Defined Benefit Pension Plan (Continued)

Asset Class	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return
Traditional Growth		
Global Public Equity	36.0 %	7.97 %
Stabilized Growth		
Public Credit Fixed Income	8.0	4.68
Credit Real Assets	6.5	4.52
Private Credit	2.5	7.36
Non-Traditional Growth		
Private Equity	11.0	11.32
Non-Core Real Assets	4.0	8.67
Inflation Sensitive		
U.S. TIPS	5.0	2.09
Principal Protection		
Core Fixed Income	10.0	1.13
Crisis Risk Offset		
Systematic Trend Following	10.0	3.18
Alternative Risk Premia	3.0	3.27
Long Duration	2.0	3.02
Long Volatility/Tail Risk	2.0	(1.14)
Total	100.00 %	5.98 %
Inflation		2.60 %
Expected Arithmetic Return		8.58 %

Discount Rate: A single discount rate of 6.37% 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 3.86% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2023). 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 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 2074. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2074, and the municipal bond rate was applied to all benefit payments after that date.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 11. Defined Benefit Pension Plan (Continued)

Sensitivity of the State's 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 net pension liability, calculated using a single discount rate of 6.37%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage-point lower or one percentage-point higher:

1% Decrease 5.37%	Current Single Discount Rate Assumption 6.37%	1% Increase 7.37%
\$ 35,695,434,682	\$ 29,444,538,098	\$ 24,236,489,318

Additional information regarding the SURS' basic financial statements, including the plan net position, can be found in SURS' Annual Comprehensive Financial Report by accessing the website at www.SURS.org.

Note 12. Defined Contribution Pension Plan

General Information about the Pension Plan

Plan description. The University contributes 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 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. 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 the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six 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, 2023, can be found in 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 for 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 were established and may be amended by the State's General Assembly.

Note 12. Defined Contribution Pension Plan (Continued)

General Information about the Pension Plan (Continued)

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 States contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the States General Assembly.

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense: For the year ended June 30, 2023, the State's contributions to the RSP on behalf of individual employers totaled \$90,330,044. Of this amount, \$81,991,471 was funded via an appropriation from the State and \$8,338,573 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense: The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching expense (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 2023. The University's share of pensionable contributions was 4.5498 %. As a result, the University recognized revenue and defined contribution pension expense of \$4,109,791 from this special funding situation during the year ended June 30, 2024, of which \$379,384 constituted forfeitures.

Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13. Other Post-employment Benefits

Plan description. The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the State Employees Group Insurance Program (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 General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees' Retirement System of Illinois (SERS), Teachers' Retirement System (TRS), and State Universities Retirement System of Illinois (SURS) are eligible for these other post-employment benefits (OPEB). The eligibility provisions for SURS are defined within Note 12.

The Department of Central Management Services (CMS) administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS, and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan 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 by the Act. 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. The Act 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 other postemployment benefit cost. OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions, and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement 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 the SERS 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 to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of CMS annually determines the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For Fiscal Year 2024, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$13,410 (\$7,211 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$16,622 (\$6,423 if Medicare eligible) 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.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 13. Other Post-employment Benefits (Continued)

Special Funding Situation Portion of OPEB: The proportionate share of the State's OPEB expense relative to the University's employees totaled (\$71,561,000) during the year ended June 30, 2024. 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, 2024.

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 years ended June 30, 2023 and 2022, each based on the June 30, 2022 and 2021, respectively, actuarial valuation rolled forward:

Measurement Date:	<u>June 30, 2023</u>
State of Illinois's OPEB liability related to the University under the Special Funding Situation	\$ 487,267,483
SEGIP total OPEB liability	<u>17,222,644,937</u>
Proportion share of the total OPEB liability	2.8292%

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, 2024, was measured as of the measurement date on June 30, 2023, with an actuarial valuation as of June 30, 2021, 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 years ended June 30, 2023 and 2022, each based on the June 30, 2022 and 2021, respectively, actuarial valuation rolled forward:

	<u>June 30, 2023</u>
University's OPEB liability	\$ 11,246,387
SEGIP total OPEB liability	<u>17,222,644,937</u>
Proportion share of the total OPEB liability	0.0653%

The University's portion of the OPEB liability was based on the University's proportionate share amount determined under the methodology described in Note 1 during the year ended June 30, 2023. As of the current year measurement date of June 30, 2023, the University's proportionate share increased .0123% from its proportion measured as of the prior year measurement date of June 30, 2022.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally (Continued)

The University recognized OPEB expense for the year ended June 30, 2024, of \$(2,357,142). At June 30, 2024, the University reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2023, from the following sources:

Deferred outflows of resources

Differences between expected and actual experience	\$ 195,502
Changes in assumptions	34,945
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,660,372
University contributions subsequent to the measurement date	493,538
Total deferred outflows of resources	<u><u>\$ 5,384,357</u></u>

Deferred inflows of resources

Differences between expected and actual experience	\$ 2,321,836
Changes of assumptions	8,197,894
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,349,094
Total deferred inflows of resources	<u><u>\$ 13,868,824</u></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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount*
2025	\$ (3,921,331)
2026	(3,017,751)
2027	(2,279,160)
2028	16,137
2029	224,100
Total	<u><u>\$ (8,978,005)</u></u>

*Expensed over the average remaining service life of active and inactive participants (5.267 years)

Notes to the Basic Financial Statements (Continued)
 For the Year Ended June 30, 2024

Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally (Continued)

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, 2022, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2022.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.75%
Healthcare Cost Trend Rate:	
Medical and Rx	Trend rates start at 8.00% in 2025, decreasing by 0.25% per year to an ultimate trend rate of 4.25% in year 2040.
Pre-Medicare - QCHP**	
Post-Medicare - MAPD***	Trend rates are 0.00% in years 2025 to 2028, 19.42% from 2029 to 2033, then 6.08% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.
Retirees' share of benefit related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2023 and 2024 are based on actual premiums. Premiums after 2024 were projected based on the same healthcare cost trend rates applied to per capita claim costs.
<p>Note: the above actuarial assumptions were used to calculate the OPEB liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the OPEB liability as of the prior year measurement date.</p>	
<p>*Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.</p>	
<p>** Quality Care Health Plan</p>	
<p>*** Medicare Advantage Prescription Drug</p>	

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally (Continued)

Since the last measurement date on June 30, 2022, the State has not made any significant changes to the benefit terms affecting the measurement of the collective total OPEB liability.

Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2022 valuations GARS, JRS, SERS, TRS and SURS as follows:

	<u>Retirement age experience study[^]</u>	<u>Mortality^{^^}</u>
GARS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 99% for males and females, and the MP-2021 two-dimensional generational mortality improvement scales
JRS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors, and the MP-2021 two-dimensional generational mortality improvement scales
SERS	July 2018 - June 2021	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2021 generational mortality improvement factors were updated to projection scale MP-2021
TRS	July 2017 - June 2020	Pub-2010 adjusted for TRS experience for future mortality improvements on a fully generational basis using projection table MP-2020
SURS	July 2017 - June 2020	Rates based on Pub-2010 Healthy Retiree Mortality tables and the most recent MP-2020 projection scale. Teachers table was used for Academic members and General

[^] The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.

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

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Notes to the Basic Financial Statements (Continued)
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Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally (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 3.69% at June 30, 2022, and 3.86% as of June 30, 2023, 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 as of June 30, 2023, calculated using a Single Discount Rate of 3.86%, 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 (4.86%) or lower (2.86%) than the current rate:

1% Decrease (2.86%)	Current Single Discount Rate Assumption (3.86%)	1% Increase (4.86%)
\$ 12,472,801	\$ 11,246,387	\$ 10,196,694

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, 2023, 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 8.00% in 2025 decreasing to an ultimate trend rate of 4.25% in 2040.

1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
\$ 9,869,757	\$ 11,246,387	\$ 12,941,113

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**Notes to the Basic Financial Statements (Continued)
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Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally (Continued)

Total OPEB Liability Associated with the University, Regardless of Funding Source: The University is required to disclose all OPEB liabilities related to it, including (1) the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation the University is not required to record and (2) the portion of OPEB liability recorded by the University for its employees paid from trust, federal, and other funds. The following chart displays the proportionate share of contributions, regardless of funding source, associated with the University's employees relative to all employer contributions during the years ended June 30, 2023 and 2022, each based on the June 30, 2022 and 2021, respectively, actuarial valuation rolled forward:

Measurement Date:	<u>June 30, 2023</u>
State of Illinois's OPEB liability related to the University under the Special Funding Situation	\$ 487,267,483
University's OPEB liability	<u>11,246,387</u>
Total OPEB liability associated with the University	\$ 498,513,870
SEGIP total OPEB liability	<u>17,222,644,937</u>
Proportion share of the OPEB liability associated with the University	2.895%

Note 14. Transactions with Related Organizations

Illinois State University Foundation

The Foundation is a related organization formed to support in various ways the University's instructional, research and public service missions. Effective July 1, 2023, the Foundation renewed the Support Agreement, for an additional one year, with the University Board of Trustees (acting for and on behalf of the University) whereby the University agrees to provide to the Foundation fair and reasonable compensation in exchange for development and fundraising services up to a maximum value. The maximum value under the agreement was \$2,978,000 for the year ended June 30, 2024. Under terms of the agreement, the University provided in-kind support in the form of personnel, office space, office equipment, computer support, and communication services estimated at \$3,032,496 during fiscal year 2024. During this year the direct and/or indirect support of the University, as well as the scholarships provided by the Foundation exceeded the value provided by the University under the agreement.

As of June 30, 2024, the Foundation had payables to the University of \$5,086,413. In addition, at June 30, 2024, the Foundation had no receivables from the University.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 14. Transactions with Related Organizations (Continued)

Illinois State University Foundation (Continued)

In fiscal year 2009, Launching Futures, LLC acquired real estate for approximately \$6.3 million that was being leased by the University from an outside party. Once the sales contract was signed, the University continued to lease the property from the seller until the initial closing. The acquired real estate serves as the University's Alumni Center. Launching Futures, LLC leases the property to the University at \$19,167 per month. The lease term ends December 31, 2025.

During fiscal year 2024, the Foundation contributed services and expenditures of \$13,569,123 that were for the direct and/or indirect support of the University. The Foundation also contributed \$5,135,409 in student aid, scholarships, and awards to the University. These amounts were applied directly to the students' accounts.

As of and during the year ended June 30, 2024, the University and Foundation had the following inter-entity transactions:

Illinois State University	Illinois State University Foundation	
	Accounts Payable	Operating Expense*
Accounts receivable, net	\$ 5,086,413	\$ -
Auxiliary facilities, net		1,856,830
Other operating revenues	-	2,315,077
Payments on behalf of the University	-	4,454,578
Gifts and Donations	-	5,182,769
Capital gifts and grants	-	398,406
	-	-
Total	\$ 5,086,413	\$ 14,207,660

*Operating expenses are categorized on the Foundation financial statements as University programs and Management and general support services which also include non-ISU expenses.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 15. Student Health Insurance

The University contracts with Aetna Student Health (ASH) formerly known as The Chickering Group, an Aetna Company of Burlington, Massachusetts for administration of the Aetna Student Health Insurance Plan to provide insurance benefits to students of the University. Students enrolled in 9 or more semester hours of credit pay a premium for this coverage. As part of the contractual agreement between the University and ASH, the University has a premium stabilization reserve (PSR) which is used to minimize future plan year increases in the premium based on unexpectedly high claims utilization. As each Plan Year is finalized, costs are debited (gains are credited) to an account funded by the University each year (15% of expected premium less taxes and fees as the initial deposit but adjusted to 15% of actual premium less taxes and fees upon reconciliation). After a refund of \$1,750,000 to the university, there was \$586,406 left over from the 2020-21 PSR experience and \$1,817,552 left over from the 2021-22 PSR experience. The 2022-2023 reserve of \$2,628,943, a combination of PSR funding and experience surplus, became available upon final calculation in September 2024. \$1,374,392 is estimated to fund 2024-25. \$586,406 from the 2020-21 reserve and \$787,986 from the 2021-22 reserve will be used to fund 2024-25. Remaining reserves from 2021-22 and 2022-23 will be available to fund future years. Potential future refunds are still at risk for unexpected claims losses, they are not recorded as assets. Assuming medical trend, no plan design changes, and no change in enrollment, it is estimated up to \$1,500,000 to be needed to fund 2025-26.

Note 16. Student Financial Assistance

The University participates in the U.S. Department of Education's Direct Student Loan Program. The University awarded \$81,449,102 in direct student loans for the year ended June 30, 2024. The University receives this cash from the Department of Education and then applies it accordingly to the related students' account. Any loan proceeds remaining after balances are satisfied are then refunded to the borrower. The University incurs no other related income/expense items related to these awards. Direct Loans are also disclosed in the footnotes to the University's schedule of expenditures of federal awards in the University's Federal Single Audit Report.

Note 17. Risk-Management

The University maintains commercial insurance for both property (buildings and contents) and liability loss exposures. During fiscal year 2024, the insured values of buildings and some building contents totaled \$2.21 billion, an increase of approximately \$350 million from fiscal year 2023, which totaled \$1.86 billion in insured values of buildings and contents.

As a public university in the State, the University enjoys certain statutory protections through the Court of Claims Act (705 ILCS 505) and the State Employee Indemnification Act (5 ILCS 350). In addition, the University purchases liability insurance that covers related claims subject to a \$350,000 self-insured retention. The educator's legal liability policy has aggregate and occurrence limits of \$5,000,000. The general liability insurance policy has a per occurrence limit of \$10,650,000 and an aggregate of \$19,650,000.

To augment existing State and commercial coverage, and to assist in addressing potential risks and liabilities incurred through its operations, the University is self-funded. In accordance with the requirement of GASB Statement No. 10, a liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probably that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2024, the liability was \$0. There were no settlements which exceeded insurance coverage for the last three years.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 18. Net Position

University Net Position

University restricted net position is comprised of the following at June 30, 2024:

Student loans	\$ 780,304
Repair and replacement reserve	162,000,699
Operation and maintenance	<u>5,307,757</u>
Total Restricted Net Position	<u>\$ 168,088,760</u>

The University's Board of Trustees designated unrestricted net position is comprised of the following at June 30, 2024:

Self insurance	<u>\$ 1,118,491</u>
	<u>\$ 1,118,491</u>

Foundation Net Position

The Foundation's restricted net position is comprised of the following at June 30, 2024:

Nonexpendable:	
Scholarship and fellowship	\$ 81,057,900
College and academic department support	37,147,432
University capital projects	7,789,890
Other	<u>6,309,367</u>
Total nonexpendable	<u>\$ 132,304,589</u>
Expendable:	
Scholarship and fellowship	\$ 73,619,509
College and academic department support	39,677,185
University capital projects	12,607,024
Other restricted expendable	<u>12,468,354</u>
Total expendable	<u>\$ 138,372,072</u>

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 19. Foundation Donor Restricted Endowments

The Foundation follows the State's Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA eliminated the historic dollar value rule with respect to endowment fund spending. UPMIFA also updated the prudence standards for the management and investment of charitable funds. In accordance with UPMIFA, the Foundation's Board considers the factors in Sections 3(e)(1) and 4(a) of the UPMIFA in determining the investment, management, and disbursement of endowment funds.

UPMIFA permits the Foundation to authorize expenditures from available endowment funds' earnings and/or principal, unless the fund's donor has specified otherwise. In concert with UPMIFA standards, the Foundation Investment Committee has adopted a "weighted average" endowment spending distribution formula based on the sum of the following two components:

1. The prior year's spending distribution, plus 4.5% of the value of new gifts; the sum of which is adjusted by the most recently calculated annual Higher Education Price Index, then weighted at 70%.
2. The year-end market value times 4.5% then weighted at 30%.

A fund-raising fee of 1.25% of the December 31, 2023 and 2022, market values, respectively, was assessed from each endowed fund's annual distribution (as calculated above) to help support Foundation's fund-raising and general operations.

On July 1, 2023, a total of \$7,657,534, was distributed to endowed funds' expendable balances and fund-raising fees totaling \$2,408,236, respectively, were distributed to the Foundation's budget.

Note 20. Commitments

The University has entered into contracts for significant repairs and replacement of University capital assets. Total estimated costs under these contracts are \$33,428,557; approximately \$8,205,945 (24.55%) of the work has been completed as of June 30, 2024. The University is obligated to pay the remainder of the costs under the contracts as the work is completed.

The University has secured electricity at a fixed price through December 31, 2025 and natural gas through December 31, 2026 by executing forward fixed price purchase contracts with Interstate Municipal Gas Agency and MidAmerican Energy. As of June 30, 2024, the University's commitment to these contracts is approximately \$3,174,213 for natural gas and \$2,861,220 for electricity. These are considered normal purchase contracts.

The Foundation has invested in various limited partnerships. According to the terms of the investment agreements, the Foundation has committed to invest \$142,361,457 as of June 30, 2024. As of June 30, 2024, the Foundation had invested \$87,558,018 and has future investment commitments of \$54,803,439.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 21. Contingencies

The University is, from time to time, subject to various claims, legal actions, and inquiries related to compliance with laws and regulations. Although it is difficult to quantify the potential impact of these claims, management believes that the ultimate cost of these matters will not adversely affect the University's future financial condition or results of operations.

Accordingly, management does not believe that a reserve of the future effect, if any, of these matters on the financial condition or results of operations of the University is necessary at June 30, 2024, as it is not possible to determine with any degree of probability the level of future payments for these matters.

Note 22. Crosswalk of Natural Classification with Functional Classifications

University	Natural Classification for the Year Ended June 30, 2024				Total
	Compensation and Benefits	Supplies and Services	Scholarships	Depreciation	
Instruction	\$ 146,546,829	\$ 21,256,670	\$ -	\$ -	\$ 167,803,499
Research	23,100,900	11,130,822	-	-	34,231,722
Public service	7,483,499	14,104,064	-	-	21,587,563
Academic support	26,097,803	6,373,904	-	-	32,471,707
Student services	32,004,943	26,832,019	-	-	58,836,962
Institutional support	41,022,426	8,899,150	-	-	49,921,576
Operation of plant	19,474,649	26,295,225	-	-	45,769,874
Depreciation	-	-	-	32,034,745	32,034,745
Student aid	-	-	95,500,367	-	95,500,367
Auxiliary facilities	38,665,204	46,252,603	-	-	84,917,807
Total University	\$ 334,396,253	\$ 161,144,457	\$ 95,500,367	\$ 32,034,745	\$ 623,075,822

The following financial information represents identifiable activities within the University's financial statements for which one or more revenue bonds are outstanding. The Auxiliary Facilities System (System) is comprised of University-owned housing units, student union, recreation and athletic facilities, and parking facilities.

The operating revenues of the System consist of room and board charges, student activity fees, various user fees, and facility rentals.

Operating expenses of the System include expenses for reasonable upkeep and repairs, necessary maintenance charges, and other expenses incidental to the operations of the facilities and activities of the System in accordance with the bond indentures.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 23. Segment Information

Following are condensed financial statements for the Auxiliary Facilities System:

Condensed Statement of Net Position for the Year Ended June 30, 2024

Assets:

Current assets:

Restricted - current assets	\$ 156,062,892
Other current assets	292,577

Noncurrent assets:

Capital assets, net	321,001,037
Restricted - other noncurrent assets	19,203,500
Prepaid expenses and prepaid bond insurance or debt issuance costs	429,038
Deferred outflow	395,999
Total assets	<u>497,385,043</u>

Liabilities:

Current liabilities	17,401,965
Noncurrent liabilities	113,861,287
Deferred inflow	205,639
Total liabilities	<u>131,468,891</u>

Net position:

Invested in capital assets, net of related debt	198,607,695
Restricted - expendable	<u>167,308,457</u>
Total net position	<u>\$ 365,916,152</u>

**Condensed Statement of Revenues, Expenses, and
Changes in Net Position for the Year Ended June 30, 2024**

Operating revenues	\$ 113,074,653
Depreciation expense	(12,946,491)
Other operating expenses	<u>(86,760,439)</u>
Operating income	13,367,723
Nonoperating revenues	10,168,544
Nonoperating expenses	<u>(3,958,769)</u>
Increase in net position	19,577,498
Net position - beginning of year	<u>346,338,654</u>
Net position - end of year	<u>\$ 365,916,152</u>

*Note: Operating revenue and expense do not agree to the University's Statement of Revenues, Expenses, and Changes in Net Position due to certain inter-entity eliminating entries.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 23. Segment Information (Continued)

Condensed Statement of Cash Flows for the Year Ended June 30, 2024

Net cash flows provided by operating activities	\$ 26,896,073
Net cash flows provided by noncapital financing activities	293,174
Net cash flows used by capital and related financing activities	(27,471,036)
Net cash flows provided by investing activities	56,028,382
Net increase in cash and cash equivalents	<u>55,746,593</u>
Cash and cash equivalents, beginning of year	<u>42,456,187</u>
Cash and cash equivalents, end of year	<u>\$ 98,202,780</u>

Following is additional disclosure information relating to the System's revenue bonds (see Note 10).

The following accounts were established by the bond resolution amendment effective May 12, 2023.

Net Revenue Funds - Each Auxiliary Unit may have its own Net Revenue Fund into which each Auxiliary Unit will deposit its respective Net Revenues

Bond Fund – A separate fund will be maintained with the Bond Registrar into which all funds deposited into the fund will be pursuant to the Bond Resolution. No later than each April 1 and October 1 should the Board Treasurer transfer and deposit to the Bond Fund such amounts from the Net Revenue Funds and any necessary Pledged Fees and Pledged Tuition as are necessary, together with any investment income transferred from the Debt Service Reserve Account. These amounts when added with the existing balance shall equal the principal and interest due on each payment date.

Debt Service Reserve Account – The Board has established a separate fund into which all deposited funds will be pursuant to the Bond Resolution. None of the Bonds outstanding as of the Resolution Amendment Effective Date will be secured by the Debt Service Reserve Account and there is no requirement that any Bonds be secured by the Debt Service Reserve.

Repair and Replacement Reserve Account - From the funds remaining in the Net Revenue Fund, the University's Treasurer shall deposit in the Repair and Replacement Reserve Account on or before the close of each fiscal year such funds that have been approved by the Board for credit to a repair and replacement reserve. All moneys and investments so held in said Account shall be used and held for use to pay the cost of maintenance or repairs, renewals, and replacements, and renovating or replacement of fixed equipment not paid as part of the ordinary maintenance and operation of the System. The maximum amount which may be accumulated in such account shall not exceed 5 percent 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 percent of the replacement cost of equipment within the System plus either 10 percent of the historical cost of the parking lots or 100 percent of the estimated cost of resurfacing any one existing parking lot which is part of the System.

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**Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024**

Note 23. Segment Information (Continued)

Non-Instructional Facilities (Development) Reserve Account – Under the terms of the bond indenture, the Board Treasurer shall deposit into the Development Reserve Account such funds, or such portion thereof as is available for transfer, as have been approved by the Chief Fiscal Officer of the University or their designee for expenditure or planned for expenditure for the construction or acquisition of a new facility that will be part of the System or for new space or construction in, or an addition to, an existing facility consistent with the purpose and mission of that facility. Funds held in this account are not pledged as security for the payment of the Bonds, but may be used to remedy deficiencies in the Bond Fund.

Disposition of Surplus Revenues in the Net Revenue Funds - At the close of each fiscal year after all transfers and maximum deposits have been made and any deficiencies have been remedied, the balance of any excess funds in the Net Revenues Funds remaining shall be deemed surplus revenues. If no default has occurred and is continuing under this Bond Resolution, the Surplus Revenues may be used by the Board for any lawful purpose as permitted by and in accordance with guidelines promulgated by the State.

The following represents the cash and investment balances within each account at June 30, 2024:

Account:

Bond Fund	\$ 29,175
Net Revenue Funds	3,454,564
Repair and Replacement Reserve Account	57,215,582
Non-Instructional Facilities (Development) Reserve Account	<u>105,848,859</u>
Total of all accounts	<u>\$ 166,548,180</u>

Note 24. Subsequent Events

On October 11, 2024, the University's Board of Trustees authorized the issuance of Certificates of Participation, Series 2024. The Series 2024 bonds were issued on November 13, 2024, in the par amount of \$76,030,000 for thirty years with a fixed interest rate of 4.3%. \$12,475,000 of the proceeds will be used for a current refunding of COPS, Series 2014A-2. The refunding will result in a net decrease in the debt service payment of \$533,427 and an estimated savings of \$421,181 in present value. The remaining \$63,555,000 will be used for the purchase and renovation of a building for the University's College of Engineering. The anticipated opening of the new building will be August 2026.

On October 11, 2024, the University's Board of Trustees authorized the acquisition of property located at 1709 and 1711 General Electric Road in Bloomington, IL. On November 15, 2024, the University purchased the property located at 1709 General Electric Road for \$14,525,914. The University also entered into an escrow agreement for \$3,000,000 that will be used for the purchase of 1711 General Electric Road in 2026.

On October 11, 2024, the University's Board of Trustees approved a fiscal year 2025 budget for operations in an amount not to exceed \$585.7 million.

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**Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2024**

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

Measurement Date	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
University's Proportion Percentage of the Collective Net Pension Liability									
(a) University's Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	<u>1,238,203,188</u>	<u>1,270,585,336</u>	<u>1,222,676,894</u>	<u>1,311,273,536</u>	<u>1,245,072,525</u>	<u>1,177,261,928</u>	<u>1,075,022,381</u>	<u>1,070,597,248</u>	<u>1,002,937,669</u>
Total (b) + (c)	<u>\$ 1,238,203,188</u>	<u>\$ 1,270,585,336</u>	<u>\$ 1,222,676,894</u>	<u>\$ 1,311,273,536</u>	<u>\$ 1,245,072,525</u>	<u>\$ 1,177,261,928</u>	<u>\$ 1,075,022,381</u>	<u>\$ 1,070,597,248</u>	<u>\$ 1,002,937,669</u>
Employer Defined Benefit (DB) Covered Payroll	\$ 232,184,521	\$ 219,537,312	\$ 220,603,480	\$ 217,216,901	\$ 210,580,520	\$ 202,871,465	\$ 195,662,572	\$ 195,466,918	\$ 198,967,447
Proportion of Collective Net Pension Liability associated with Employer as a percentage of DB covered payroll	533.28%	578.76%	554.24%	603.67%	591.26%	580.30%	549.43%	547.71%	504.07%
SURS Plan Net Position as a Percentage of Total Pension Liability	45.45%	45.45%	45.45%	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%

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**Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2024**

Schedule of Contributions - Pension

	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Federal, trust, grant and other contribution	\$ 817,216	\$ 728,025	\$ 614,333	\$ 707,495	\$ 780,866	\$ 765,255	\$ 669,483	\$ 650,920	\$ 671,749	\$ 651,497
Contribution in relation to required contribution	<u>817,216</u>	<u>728,025</u>	<u>614,333</u>	<u>707,495</u>	<u>780,866</u>	<u>765,255</u>	<u>669,483</u>	<u>650,920</u>	<u>671,749</u>	<u>651,497</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Employer covered payroll	\$6,819,460	\$5,851,464	\$5,569,357	\$5,797,923	\$6,331,536	\$6,285,271	\$5,742,955	\$5,192,248	\$4,957,342	\$5,182,867
Contribution as a percentage of covered payroll	11.98%	12.44%	11.03%	12.20%	12.33%	12.18%	11.66%	12.54%	13.55%	12.57%

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**Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2024**

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

	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
University's Proportion Percentage of the Collective Net OPEB Liability							
University's Proportion Percentage of the Collective Net OPEB Liability	0.0653%	0.0530%	0.0620%	0.0579%	0.0668%	0.0606%	0.0727%
Proportionate Share of the Collective Net OPEB Liability	\$ 11,246,387	\$ 9,052,510	\$ 21,649,144	\$ 24,517,550	\$ 29,338,554	\$ 24,296,509	\$ 30,042,445
State of Illinois's Proportionate Share of the Collective Net OPEB Liability related to the University	<u>487,267,483</u>	<u>470,779,008</u>	<u>879,227,267</u>	<u>919,552,524</u>	<u>974,523,836</u>	<u>922,737,490</u>	<u>1,268,461,564</u>
Total OPEB liability associated with the University	<u>\$ 498,513,870</u>	<u>\$ 479,831,518</u>	<u>\$ 900,876,411</u>	<u>\$ 944,070,074</u>	<u>\$ 1,003,862,390</u>	<u>\$ 947,033,999</u>	<u>\$ 1,298,504,009</u>
University's covered employee payroll	\$ 239,483,354	\$ 234,114,733	\$ 219,946,988	\$ 218,622,168	\$ 216,838,832	\$ 208,038,171	\$ 200,373,903
Proportionate share of the Net Collective OPEB Liability as a percentage of covered-employee payroll	208.16%	204.96%	409.59%	431.83%	462.95%	455.22%	648.04%

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Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2024

Notes to the Required Supplementary Information

These pension schedules are presented to illustrate the requirements of Governmental Accounting Standards Board Statement No. 68 (GASB 68) to show information for 10 years. However, until a full 10-year trend is compiled, the University will present only available information measured in accordance with the requirements of GASB 68.

Changes of benefit terms: Public Act 103-0080, effective June 9, 2023, created a disability benefit for police officers injured in the line of duty on or after January 1, 2022. This benefit was first reflected in the Total Pension Liability as of June 30, 2023.

Changes of assumptions: In accordance with the *Illinois Compiled Statutes*, an 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. These assumptions are listed below and remained the same for the June 30, 2023, actuarial valuation.

- Salary increase. Change in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, while maintaining the underlying wage inflation rate of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.50 percent. This reflects decreasing the assumed real rate of return to 4.25 percent and maintaining the underlying assumed price inflation of 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50 percent.
- Normal retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Early retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for most 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 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

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**Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2024**

Notes to the Required Supplementary Information

The OPEB schedules are presented to illustrate the requirements of Governmental Accounting Standards Board Statement No. 75 (GASB 75) to show information for 10 years. However, until a full 10-year trend is compiled, the University will present only available information measured in accordance with the requirements of GASB 75.

Payment of benefits: No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of the OPEB. State contributions are made primarily from the General Fund on a pay-as-you-go basis.

Factors that affect trends in the amounts reported: An actuarial valuation was performed as of June 30, 2022 with a measurement date as of June 30, 2023. The following assumptions were used:

- The healthcare trend assumptions were updated based on claim and enrollment experience through June 30, 2022, projected plan cost for plan year end June 30, 2023, premium changes through plan year end 2024 and expectation of future trend increases after June 30, 2023.
- Per capita claim costs for plan year end June 30, 2023, were updated based on projected claims and enrollment experience through June 30, 2023 and updated premium rates through plan year 2024.
- Healthcare plan participation rates by plan were updated based on observed experience.
- The discount rate was changed from 3.69 percent at June 30, 2022, to 3.86 percent at June 30, 2023.

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**Supplementary Information
For the Year Ended June 30, 2024**

Schedule of Operating Expenses

The following table presents a break-down of the various types of expenses which collectively comprise the University's functional operating expense accounts as of June 30, 2024.

	Compensation and Benefits								Total	Other Expenses	Total Operating Expenses	
	Illinois State University's Expenses				State of Illinois' Expenses							
	Salaries ¹	Benefits ²	OPEB ³	Pension	Sub-Total	Benefits ²	OPEB ³	Pension				Sub-Total
Educational and general:												
Instruction	\$ 119,783,907	\$ 280,808	\$ (392,467)	\$ 158,471	\$ 119,830,719	\$ 20,982,249	\$ (31,517,196)	\$ 37,251,057	\$ 26,716,110	\$146,546,829	\$ 21,256,670	\$ 167,803,499
Research	19,780,263	717,998	(1,153,527)	375,493	19,720,227	2,752,159	(4,133,987)	4,762,501	3,380,673	23,100,900	11,130,822	34,231,722
Public service	6,345,304	542,450	(689,026)	240,779	6,439,507	881,518	(1,324,118)	1,486,592	1,043,992	7,483,499	14,104,064	21,587,563
Academic support	21,180,244	44,209	(49,575)	20,348	21,195,226	3,739,447	(5,616,980)	6,780,110	4,902,577	26,097,803	6,373,904	32,471,707
Student services	27,029,012	41,263	(107,333)	20,074	26,983,016	4,308,148	(6,471,220)	7,184,999	5,021,927	32,004,943	26,832,019	58,836,962
Institutional support	30,091,085	3,157,010	(3,827)	231,610	33,475,878	6,387,525	(9,594,628)	10,753,651	7,546,548	41,022,426	8,899,150	49,921,576
Operation and maintenance of plant	12,680,992	1,015	-	370	12,682,377	5,352,118	(8,039,355)	9,479,509	6,792,272	19,474,649	26,295,225	45,769,874
Depreciation	-	-	-	-	-	-	-	-	-	-	32,034,745	32,034,745
Student aid	-	-	-	-	-	-	-	-	-	-	95,500,367	95,500,367
Auxiliary facilities:												
Student housing, activity facilities, and parking	34,637,112	-	-	-	34,637,112	3,237,836	(4,863,516)	5,653,772	4,028,092	38,665,204	46,252,603	84,917,807
Total	\$271,527,919	\$ 4,784,753	\$ (2,395,755)	\$ 1,047,145	\$ 274,964,062	\$ 47,641,000	\$ (71,561,000)	\$ 83,352,191	\$ 59,432,191	\$334,396,253	\$ 288,679,569	\$ 623,075,822

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

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

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**Other Information (Unaudited)
For the Year Ended June 30, 2024**

Data Required by Revenue Bond Resolutions

Schedule of Insurance

Insurance coverage:

Insurance covers property damage to buildings, some contents, business interruption, some electronic data processing, and more. Coverage is very broad (including all risks except those otherwise included).

	Coverage Amount	Deductible
Most buildings, some contents, business interruption, some electronic data processing, and builder's risk	\$ 1,000,000,000	\$ 100,000
Flood	100,000,000	100,000
Earthquake	100,000,000	100,000

Insurance companies: Alliant Property Insurance Program manages ISU's property insurance, with Lexington Insurance Company (AIG) as the primary underwriting insurance carrier and at least eighteen (18) secondary underwriting carriers.

Policy Period: July 1, 2024 to June 30, 2025

**State of Illinois
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**Other Information (Unaudited) (Continued)
For the Year Ended June 30, 2024**

Data Required by Revenue Bond Resolutions

Undergraduate tuition and Fees*

The following schedule shows the yearly tuition and fees charged by the University to new full-time undergraduate students who were residents of the State from fiscal year 2019 through fiscal year 2024.

<u>Fiscal Year</u>	<u>Tuition and Fees</u>	<u>Room and Board</u>	<u>Combined Costs</u>
2020	14,832	9,630	24,462
2021	15,319	9,630	24,949
2022	15,319	9,918	25,237
2023	15,733	10,364	26,097
2024	16,021	10,778	26,799
2025	16,144	11,154	27,298

*Tuition and fees costs is based on 15 credit hours. Students taking 16 or more credit hours pay the per credit hour charge for each additional hour. Room and board is based on double occupancy and a 5-day unlimited meal plan.

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**Other Information (Unaudited) (Continued)
For the Year Ended June 30, 2024**

Data Required by Revenue Bond Resolutions

Schedule of Historical Occupancy Rates for Housing Facilities

Residence Halls	Historical Occupancy Rates for Housing Facilities ^[1] Measured on the Fall Semester's 10th Day of Occupancy					Fall 2023 10th Day Occupancy
	2019	2020	2021	2022	2023	
Wilkins	109.4%	61.2%	97.4%	108.4%	105.4%	409
Wright	110.3%	60.8%	96.6%	110.6%	102.2%	378
Haynie	112.7%	64.3%	99.2%	111.1%	89.0%	371
Manchester	101.8%	61.2%	93.8%	96.1%	96.1%	760
Hewett	105.6%	52.1%	94.4%	98.6%	103.3%	793
Watterson	107.4%	63.0%	87.3%	103.0%	116.3%	2,591
Cardinal Court ^[2]	99.6%	49.0%	98.3%	99.1%	104.9%	938
Total Residence Halls						6,240
Average Occupancy (Residence Halls)	104.1%	58.5%	92.2%	102.3%	106.6%	
Fell/School Apartments	95.0%	72.7%	100.0%	96.0%	96.3%	131
Total Apartments						131

[1] Occupancy rates exceeding 100% are achieved through use of lounges and other common areas for dormitory space during the initial months of each academic year. To account for permanently reduced spaces resulting from renovations and the decommissioning of facilities, residence hall capacity was revised to 5,936 in Fall 2022.

[2] Cardinal Court Alternative Housing was opened in 2012 and was developed through a public private replacement housing for decommissioned Residence Halls. Cardinal Court was previously owned by Collegiate Housing Foundation and managed by the University, but became part of the University's Auxiliary Facilities System upon the issuance of the Series 2018A Bonds.

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**Other Information (Unaudited) (Continued)
For the Year Ended June 30, 2024**

Data Required by Revenue Bond Resolutions

Enrollment Data

Approximately 96% of enrolled students are residents of the State paying in-State tuition rates.

Actual Enrollment Statistics (Fall Semester)

	Head Count			Full-Time Equivalent		
	Undergraduate	Graduate	Total	Undergraduate (15 hrs)	Graduate (12 hrs)	Total
2017	18,330	2,454	20,784	16,826	1,482	18,308
2018	18,107	2,528	20,635	16,559	1,556	18,115
2019	18,250	2,628	20,878	16,764	1,640	18,404
2020	17,987	2,733	20,720	16,561	1,665	18,226
2021	17,674	2,559	20,233	16,153	1,549	17,702
2022	18,055	2,628	20,683	16,562	1,615	18,177
2023	18,450	2,539	20,989	17,031	1,560	18,591
2024	19,107	2,439	21,546	17,704	1,491	19,195