

State of Illinois  
Southern Illinois University  
Housing and Auxiliary Facilities System

Report of the Treasurer  
For the Years Ended  
June 30, 2015 and 2014

**STATE OF ILLINOIS  
SOUTHERN ILLINOIS UNIVERSITY  
HOUSING and AUXILIARY FACILITIES SYSTEM  
ANNUAL FINANCIAL REPORT  
For The Years Ended June 30, 2015 and 2014**

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SOUTHERN ILLINOIS UNIVERSITY

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

December 11, 2015

TO THE BONDHOLDERS AND THE BOARD OF TRUSTEES  
OF SOUTHERN ILLINOIS UNIVERSITY

I am pleased to submit the annual Treasurer's Report to the Bondholders for the Southern Illinois University Housing and Auxiliary Facilities System for the fiscal years ended June 30, 2015, and 2014.

The Series 2015A Housing and Auxiliary Facilities System bond was issued in March, 2015 in the amount of \$8,205,000. This bond was sold to: (i) finance resurfacing and lighting upgrades to parking lots at the Edwardsville campus, (ii) finance an expansion to the Student Fitness Center weight room at the Edwardsville campus, and (iii) finance renovations to the baseball stadium at the Carbondale campus.

The system continues to exceed, by a significant percentage, the 120% debt service coverage requirement as outlined in the bond resolution. A calculation for this coverage requirement is included in the Treasurer's Comments to the financial statements.

I hope you find this financial report informative, and I invite your inquiries on any matter related to the bonds or the report.

Respectfully submitted,

Duane Stucky  
Board Treasurer

DS/sjp

## **TREASURER'S COMMENTS**

### **SOUTHERN ILLINOIS UNIVERSITY HOUSING AND AUXILIARY FACILITIES SYSTEM**

#### **I. SOUTHERN ILLINOIS UNIVERSITY REVENUE BOND OPERATIONS**

##### **FACILITIES**

The facilities included in the Southern Illinois University Housing and Auxiliary Facilities System (the "System") were acquired in fourteen phases. The first phase coincided with the creation of the System and the Advanced Refunding of 1978 which consolidated the facilities, the operations and the debt of five separate bond indentures, into one entity, the System. These facilities include residence halls and apartment complexes on the Carbondale and Edwardsville campuses which provide student housing; the student unions known as the Student Center at Carbondale and the University Center at Edwardsville; eight buildings leased to national organizations of fraternities and sororities for student housing; two buildings which are designated as housing for professional students; and seven buildings used by the University for administrative and student service purposes. The buildings and equipment of this phase were constructed or improved through the issuance of bonds totaling \$72,391,000. Additional improvements of this phase, consisting of an energy conservation project, have been constructed through the issuance of Revenue Bond Series 2000A in the amount of \$6,525,000.

The second phase expanded the System to include the Student Recreation Center, the Northwest Annex and the Child Care Center at the Carbondale campus, and the Student Fitness Center and Woodland Hall at the Edwardsville campus. The recreation center additions were acquired through the issuance of the Southern Illinois University Housing and Auxiliary Facilities System Revenue Project and Refunding Bonds Series 1992A (the "Series 1992A Bonds") in the amount of \$13,465,000 while the other projects were acquired through the issuance of the Revenue Bond Series 1993A (the "Series 1993A Bonds") in the amount of \$16,670,506. These facilities include a dormitory, an apartment complex and office space of 29,100 net square feet for academic, administrative and student service purposes; a student recreation center (including an existing facility and a fitness center addition) at Carbondale; a fitness center addition at Edwardsville; and a child care center.

The third phase expanded the System to include a new residence hall, Prairie Hall, on the Edwardsville campus. Prairie Hall consists of approximately 120,000 square feet and is designed to provide housing for approximately 500 students. The third phase also expanded the System to include traffic and parking operations on the Edwardsville campus. Renovation and expansion of Cougar Village Apartments on the Edwardsville campus were also included in this phase. These facilities and operations were constructed or improved through the issuance of bonds totaling \$38,096,284.

The fourth phase expanded the System to include a new residence hall, Bluff Hall, on the Edwardsville campus. The residence hall consists of approximately 120,000 square feet and is designed to provide housing for approximately 500 students. This phase also includes expansion and renovations of the University Center food service facilities. The funds for construction and improvements were provided through the issuance of bonds totaling \$21,001,900.

The fifth phase expanded the System to include a new softball complex on the Carbondale campus and a complete replacement of the turf at McAndrew Stadium on the Carbondale campus. This phase also includes improvements to the University Center on the Edwardsville campus. The funds for construction and improvements were provided through the issuance of bonds totaling \$19,555,000.

The sixth phase expanded the System to include a new Student Health Center building addition on the Carbondale campus. The new facility consists of an approximately 40,000 square foot, two-story addition to the Student Recreation Center. The funds for construction were provided through the issuance of bonds totaling \$8,635,000.

The seventh phase expanded the System to include University Hall on the Carbondale campus. The facility is a four-floor brick residence hall that sits on 5.43 acres of property which is located at the southeast corner of Wall and Park streets. The purchase was funded by the renewals and replacements account.

The eighth phase expanded the System to include Wall and Grand Apartments on the Carbondale campus. The residence hall consists of approximately 169,000 gross square feet and is designed to provide apartment-style living quarters for 400 on-campus students. This phase also includes the installation of automatic sprinkler systems in Schneider Hall, Mae Smith Hall and Neely Hall on the Carbondale campus as well as modification of the HVAC systems and humidity controls in Prairie Hall, Bluff Hall and Woodland Hall on the Edwardsville campus. The funds for construction and improvements were provided through the issuance of bonds totaling \$40,390,000.

The ninth phase expanded the System to include a new residence hall, Evergreen Hall, and adjacent parking lot for the Edwardsville campus; and various safety/security enhancements of the System, student center renovation and the purchase of a student information system for the Carbondale campus. The funds for construction and improvements were provided through the issuance of bonds totaling \$56,585,000.

The tenth phase expanded the System to include a new Student Success Center and an expansion to the Student Fitness Center on the Edwardsville campus. This phase also includes the installation of automatic sprinkler systems in Thompson Point and University Hall and the installation of security cameras and an electronic access control system at all exterior entries to Thompson Point on the Carbondale campus. The funds for construction and improvements were provided through the issuance of bonds totaling \$30,105,000.

The eleventh phase expanded the System to include a new football stadium on the Carbondale campus. This phase also includes the renovation of the SIU Arena and the construction of a new addition thereto on the Carbondale campus. The funds for construction and renovation were provided through the issuance of bonds totaling \$53,735,000.

The twelfth phase expanded the System to add the housing facilities at Evergreen Terrace on the Carbondale campus.

The thirteenth phase expanded the System to include a new Student Services Building on the Carbondale campus. The funds for construction and equipping of were provided through the issuance of bonds totaling \$28,140,000.

The fourteenth phase expanded the System to include improvements to the Student Recreation Center and demolition of student residence halls, Allen, Boomer and Wright, commonly referred to as the Triads, on the Carbondale campus. The funds for improvements and demolition were provided through the issuance of bonds totaling \$8,190,000.

## TREASURER'S COMMENTS – Continued

The fifteenth phase expanded the System to include improvements to parking and installation of new light poles and pay by space equipment at Edwardsville. This phase also includes an expansion to the Student Fitness Center weight room on the Edwardsville campus. Another part of this phase is the renovation of the Baseball Stadium on the Carbondale campus. The funds for construction and improvements were provided through the issuance of bonds totaling \$8,205,000.

### ADVANCE REFUNDINGS

Debt related to the System facilities has been advance refunded either partially or in full, without extending the final maturity date, in December 2012. The refunding has been undertaken by the Board of Trustees (the "Board") for the purposes of consolidating the debt, effecting a cost savings, or resolving operational and parity issues related to the separate bond indentures.

The proceeds of the bonds issued for the above refunding were used to purchase U.S. Government securities in amounts which, together with the earnings thereon, will be sufficient to pay, when due or on their redemption date, the interest, premium and principal of the refunded bonds. The U.S. Government securities purchased for the Advance Refunding of Series 2012A bonds were held in trust by the US Bank, 190 South LaSalle Street, Chicago, Illinois. A principal payment of \$33,035,000 relating to the advance refunding was made on April 1, 2014. As of June 30, 2015 and 2014, there was no remaining balance.

## II. ENROLLMENTS AT SOUTHERN ILLINOIS UNIVERSITY

The University reports the following enrollments, by campus:

	Head Count*	Full-Time Equivalency**
Carbondale Campus (semester basis)		
Fall semester 2014	17,989	15,326
Fall semester 2013	17,964	15,208
Edwardsville Campus (semester basis)		
Fall semester 2014	13,972	11,767
Fall semester 2013	13,850	11,779

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

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

## III. HISTORICAL OCCUPANCY OF SYSTEM FACILITIES

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

	Range of Occupancy Charges for 2015	Occupancy Rates				
		2015	2014	2013	2012	2011
Southern Hills Apartments (C)		-- --	69.4%	68.6%	77.4%	87.4%
Evergreen Terrace (C)						
302 Apartments	\$7,860 - \$8,472	80.3%	87.4%	86.7%	89.0%	89.3%
Thompson Point (C)						
1,262 Persons	\$9,694 - \$12,948	96.3%	95.6%	93.7%	94.2%	90.4%
Towers (C)						
2,374 Persons	\$9,694 - \$12,948	96.1%	94.1%	87.7%	93.1%	92.1%
Triads (C)		-- --	-- --	-- --	24.7%	25.9%
University Hall (C)						
334 Persons	\$5,600 - \$12,948	93.3%	91.7%	72.9%	86.1%	80.4%
Wall & Grand (C)						
396 Persons (Bldg I, II & III)	\$5,994 - \$7,278	97.8%	95.0%	96.3%	95.0%	89.6%
Cougar Village (E)						
496 Apartments	\$4,250 - \$13,800	95.0%	93.3%	93.7%	95.7%	95.3%
Woodland Hall (E)						
257 Rooms	\$8,750 - \$15,550	95.7%	89.0%	93.4%	98.6%	97.8%
Prairie Hall (E)						
260 Rooms	\$8,750 - \$15,550	96.1%	89.9%	93.4%	98.6%	98.2%
Bluff Hall (E)						
260 Rooms	\$8,750 - \$15,550	97.0%	92.5%	94.7%	98.6%	98.3%
Evergreen Hall (E)						
131 Apartments	\$5,940 - \$11,110	98.1%	98.1%	97.5%	97.7%	97.8%

(C) Carbondale Campus, (E) Edwardsville Campus

Southern Hills was closed in FY15.

Demolition of the Triads was completed in FY13.

**TREASURER'S COMMENTS – Continued****IV. DEBT SERVICE COVERAGES**

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

	Year ended June 30,	
	2015	2014
Receipts:		
Revenue Account:		
Operating Receipts	\$ 118,567,358	\$ 111,986,233
Revenue Bond Fees	1,676,796	1,594,509
Retirement of Indebtedness – Investment Income	14,159	102,733
Total Receipts	120,258,313	113,683,475
Disbursements:		
Operation and Maintenance Account	79,565,916	78,258,589
Net Revenues	40,692,397	35,424,886
Plus: Pledged Retained Tuition	27,524,927	26,920,816
Total Available for Debt Service	\$ 68,217,324	\$ 62,345,702
Maximum Annual Debt Service	\$ 27,524,927	\$ 26,920,816
Coverage Ratio Based on Net Revenues	148%	132%
Coverage Ratio as Defined in the Bond Resolution	248%	232%

**V. RETIREMENT OF INDEBTEDNESS**

The net position is restricted for the following purposes:

	June 30,	
	2015	2014
Bond and Interest Sinking Fund Account	\$ 11,259,507	\$ 6,359,496
Debt Service Reserve Account	8,250,001	8,250,001
	\$ 19,509,508	\$ 14,609,497

**VI. RENEWALS AND REPLACEMENTS**

The bond resolution requires the Treasurer to transfer annually to Renewals and Replacements from the funds remaining in unrestricted net position, the sum of 10% of the maximum annual net debt service requirement or such portion thereof as is available for transfer. The maximum amount which may be accumulated in said account shall not exceed 5% of the replacement cost of the facilities constituting the System, plus 20% of the book value of the movable equipment within the System, plus either 10% of the historical cost of the parking lots or 100% of the estimated cost of resurfacing any one existing parking lot which is part of the System.

Additions during the year included transfers from unrestricted net position of \$6,878,118 (\$4,287,825 in 2014) and investment income of \$136,391 in 2015 and \$187,730 in 2014. Expenditures charged to the reserve amounted to \$3,732,554 in 2015 and \$7,997,714 in 2014. The net position of Renewals and Replacements consisted of the following:

	June 30,	
	2015	2014
Pooled Cash and Investments	\$ 30,398,759	\$ 27,956,519
Accrued Interest Receivable	11,723	9,394
Accounts Payable	(2,049,539)	(2,886,925)
	\$ 28,360,943	\$ 25,078,988

**VII. SCHEDULE OF BONDS PAYABLE OUTSTANDING**

A Schedule of Bonds Payable Outstanding is shown as supplementary information and lists the amount of Housing and Auxiliary Facilities System Revenue Project and Refunding Bonds and Revenue Bonds Series 2015A, 2012B, 2012A, 2009A, 2008A, 2006A, 1999A, 1997A and 1993A issued and outstanding as of June 30, 2015.

**VIII. RESTRICTED NET POSITION – EXPENDABLE**

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

	2015	2014
Retirement of indebtedness	\$ 19,509,508	\$ 14,609,497
Renewals and replacements	28,360,943	25,078,988
Unexpended	691,043	1,055,467
	\$ 48,561,494	\$ 40,743,952

# **Southern Illinois University**

## **Board of Trustees and**

## **Officers of Administration**

### **Fiscal Year 2015**

#### **BOARD OF TRUSTEES OF SOUTHERN ILLINOIS UNIVERSITY**

Randal Thomas, Chair  
Donna Manering, Vice Chair  
Don Lowery, Secretary (July-March)  
Joel Sambursky, (July-January), Reappointed (March-June)  
J. Phil Gilbert (March-June)  
Roger Herrin  
Shirley Portwood  
Mitch Morecraft  
Adrian Miller  
Amy Sholar (March-June)  
Marquita Wiley (July-March)

Springfield  
Makanda  
Golconda  
Carbondale  
Carbondale  
Harrisburg  
Godfrey  
Edwardsville  
Carbondale  
Alton  
Belleville

#### **OFFICERS OF SOUTHERN ILLINOIS UNIVERSITY**

Randy J. Dunn, President  
Lucas Crater, General Counsel, Interim General Counsel (July-March)  
Paul Sarvela, Vice President, Academic Affairs (July)  
Duane Stucky, Senior Vice President, Financial and Administrative Affairs, and Board Treasurer  
Misty Whittington, Executive Secretary of the Board

#### **OFFICERS OF ADMINISTRATION, SOUTHERN ILLINOIS UNIVERSITY CARBONDALE**

Rita Cheng, Chancellor (July-August)  
Paul Sarvela, Acting Chancellor (July), Interim Chancellor (August-November)  
John W. Nicklow, Provost and Vice Chancellor for Academic Affairs (July)  
Susan M. Ford, Acting Provost & Vice Chancellor for Academic Affairs (November-June)  
J. Kevin Dorsey, Dean and Provost, School of Medicine  
Kevin D. Bame, Vice Chancellor for Administration and Finance  
James Salmo, Vice Chancellor for Development and Alumni Relations

#### **OFFICERS OF ADMINISTRATION, SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE**

Julie Furst-Bowe, Chancellor  
Parviz Ansari, Provost and Vice Chancellor for Academic Affairs  
Narbeth Emmanuel, Vice Chancellor for Student Affairs  
Kenneth Neher, Vice Chancellor for Administration  
Rachel Stack, Vice Chancellor for University Advancement

# FINANCIAL STATEMENT REPORT

## SUMMARY

The audit of the accompanying basic financial statements of the Southern Illinois University Housing and Auxiliary Facilities System was conducted by CliftonLarsonAllen LLP.

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



## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General, State of Illinois  
and  
Board of Trustees  
Southern Illinois University

### Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities of the Southern Illinois University Housing and Auxiliary Facilities System ("the System") as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities for the System as of June 30, 2015 and 2014, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

During fiscal year ended June 30, 2015, the System adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the University reported a restatement for the change in accounting principle. See Note 1. Our auditors' opinion was not modified with respect to the restatement.

As discussed in Note 1A, the financial statements of the System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of Southern Illinois University that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of Southern Illinois University as of June 30, 2015 and 2014, and its changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Schedule of the Southern Illinois University Housing and Auxiliary Facilities System's Proportionate Share of the Net Pension Liability and the Schedule of Contributions on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The accompanying Schedule of Bonds Payable Outstanding is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Treasurer's Comments on pages 2-4 have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

In connection with our audits, nothing came to our attention that caused us to believe that the System was not in compliance with any of the fund accounting covenants of the Resolutions of the Board of Trustees of Southern Illinois University, which provided for the issuance of the Southern Illinois University Housing and Auxiliary Facilities System Revenue Bond Series 2015A, Revenue Bonds Series 2012B1, Revenue Bonds Series 2012B2, Revenue Bonds Series 2012A, Revenue Bonds Series 2009A, Revenue Bonds Series 2008A, Revenue Bonds Series 2006A, Revenue Bonds Series 2004A, Revenue Bonds Series 1999A, Revenue Bonds Series 1997A, and Revenue Bonds Series 1993A adopted March 19, 2015, November 8, 2012, November 8, 2012, December 8, 2011, April 2, 2009, April 10, 2008, March 9, 2006, October 14, 2004, May 13, 1999, July 10, 1997, and May 13, 1993, respectively, insofar as they related to accounting matters. However, our audits were not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the System's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Resolution of the Board of Trustees of Southern Illinois University, insofar as they relate to accounting matters.

### **Restricted Use Relating to the Other Matter**

The purpose of the communication related to compliance with the aforementioned Resolution of the Board of Trustees of Southern Illinois University described in the Other Matters paragraph is intended solely to describe the scope of our testing of compliance and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's compliance. Accordingly, this communication is not suitable for any other purpose.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated December 11, 2015, on our consideration of the System'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 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 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 System's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Peoria, Illinois  
December 11, 2015

**SOUTHERN ILLINOIS UNIVERSITY**  
**HOUSING AND AUXILIARY FACILITIES SYSTEM**  
**STATEMENTS OF NET POSITION**  
**June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 25,420,798	\$ 23,387,174
Cash and cash equivalents, restricted	32,413,561	29,249,102
Short term investments, restricted	12,493,416	13,398,364
Accounts receivable, net	5,415,179	3,815,853
Accrued interest receivable	84,800	44,150
Merchandise for resale	1,193,104	1,115,206
Prepaid expenses and other assets	151,216	182,830
<b>TOTAL CURRENT ASSETS</b>	<u>77,172,074</u>	<u>71,192,679</u>
<b>NONCURRENT ASSETS:</b>		
Long term investments, restricted	8,277,388	2,470,987
Prepaid expenses and other assets	876,972	952,465
Capital assets, not depreciated	8,978,853	15,922,666
Capital assets, net of depreciation	272,922,109	269,743,350
<b>TOTAL NONCURRENT ASSETS</b>	<u>291,055,322</u>	<u>289,089,468</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,287,360</u>	<u>2,443,504</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>370,514,756</u>	<u>362,725,651</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	2,974,569	3,903,374
Accrued interest payable	2,291,394	2,340,204
Accrued payroll	596,250	651,094
Accrued compensated absences	164,242	233,017
Housing deposits	112,624	118,024
Unearned revenue	2,881,853	3,017,695
Revenue bonds payable	18,521,090	17,715,529
<b>TOTAL CURRENT LIABILITIES</b>	<u>27,542,022</u>	<u>27,978,937</u>
<b>NONCURRENT LIABILITIES:</b>		
Accrued compensated absences	2,046,714	2,021,684
Housing deposits	137,651	144,251
Revenue bonds payable	243,456,752	250,386,620
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>245,641,117</u>	<u>252,552,555</u>
<b>TOTAL LIABILITIES</b>	<u>273,183,139</u>	<u>280,531,492</u>
<b>NET POSITION</b>		
Net investment in capital assets	23,310,480	20,014,324
Restricted for:		
Expendable		
Capital projects and debt service	48,561,494	40,743,952
Unrestricted	25,459,643	21,435,883
<b>TOTAL NET POSITION</b>	<u>\$ 97,331,617</u>	<u>\$ 82,194,159</u>

The accompanying notes are an integral part of this statement.

**SOUTHERN ILLINOIS UNIVERSITY**  
**HOUSING AND AUXILIARY FACILITIES SYSTEM**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
<b>OPERATING REVENUES:</b>		
Residence halls and apartments	\$ 64,624,961	\$ 59,111,653
University student centers		
Sales and services	17,718,526	16,862,727
Student fees	8,545,919	8,262,493
Student recreation and fitness centers		
Sales and services	1,251,397	1,277,000
Student fees	6,157,092	6,126,586
Child care center	1,033,068	955,489
Student health center	9,028,066	9,214,210
Student services building	2,514,057	2,534,507
Traffic and parking	2,805,054	2,771,141
Student success center	1,713,268	1,717,037
Revenue bond fees	1,676,796	1,594,509
<b>TOTAL OPERATING REVENUES</b>	<u>117,068,204</u>	<u>110,427,352</u>
<b>EXPENSES</b>		
<b>OPERATING EXPENSES:</b>		
Salaries and wages	53,026,684	52,519,896
Merchandise for resale	10,629,827	10,618,351
Utilities	8,331,512	8,920,312
Maintenance and repairs	11,812,501	12,373,007
Administrative	13,779,603	13,005,317
Other	5,526,143	6,951,361
Depreciation	15,457,280	15,566,121
<b>TOTAL OPERATING EXPENSES</b>	<u>118,563,550</u>	<u>119,954,365</u>
<b>OPERATING LOSS</b>	<u>(1,495,346)</u>	<u>(9,527,013)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	481,184	457,088
Gifts and contributions	1,002,055	1,000,468
Payments on-behalf of the system	20,733,203	19,629,634
Interest on capital asset-related debt	(9,068,940)	(8,880,004)
Accretion on bonds payable	(3,714,877)	(3,952,802)
Other nonoperating revenue	5,593,970	5,727,537
<b>NET NONOPERATING REVENUES</b>	<u>15,026,595</u>	<u>13,981,921</u>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>	<u>13,531,249</u>	<u>4,454,908</u>
<b>OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>		
Capital assets retired	(172,940)	(145,488)
Capital grants and gifts	-	-
Additions to plant facilities from other sources	1,779,149	7,080,750
<b>TOTAL OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>	<u>1,606,209</u>	<u>6,935,262</u>
<b>INCREASE IN NET POSITION</b>	<u>15,137,458</u>	<u>11,390,170</u>
<b>NET POSITION</b>		
Net position at beginning of year	82,194,159	70,803,989
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$ 97,331,617</u></u>	<u><u>\$ 82,194,159</u></u>

The accompanying notes are an integral part of this statement.

**SOUTHERN ILLINOIS UNIVERSITY**  
**HOUSING AND AUXILIARY FACILITIES SYSTEM**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Residence halls and apartments	\$ 60,581,971	\$ 55,463,195
University student centers		
Sales and services	17,961,181	16,980,232
Student fees	8,535,825	8,207,469
Student recreation and fitness centers		
Sales and services	1,263,548	1,282,839
Student fees	6,172,739	6,107,840
Child care center	1,034,563	956,196
Student health center	8,361,664	8,482,892
Student services building	3,274,292	3,065,997
Traffic and parking	2,793,182	2,772,790
Student success center	1,721,642	1,723,220
Revenue bond fees	1,676,796	1,594,509
Payments to employees	(29,984,986)	(30,523,864)
Payments for utilities	(8,377,008)	(8,881,362)
Payments to suppliers	(41,949,425)	(41,015,612)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>33,065,984</u>	<u>26,216,341</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Gifts for other than capital purposes	2,054	472
Other nonoperating revenue	4,615,338	4,829,334
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>4,617,392</u>	<u>4,829,806</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchases of capital assets	(11,189,604)	(14,738,435)
Principal paid on capital debt	(17,560,000)	(16,790,000)
Interest paid on capital debt	(9,458,404)	(9,745,010)
Retained bond proceeds	- ----	- ----
Deposit to bond escrow account	8,205,000	- ----
Other	1,978,633	2,017,595
<b>NET CASH USED IN CAPITAL FINANCING ACTIVITIES</b>	<u>(28,024,375)</u>	<u>(39,255,850)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	32,558,742	28,787,637
Investment income	419,043	487,234
Purchase of investments	(37,438,703)	(28,877,825)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(4,460,918)</u>	<u>397,046</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	5,198,083	(7,812,657)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR</b>	52,636,276	60,448,933
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	<u>\$ 57,834,359</u>	<u>\$ 52,636,276</u>
<b>RECONCILIATION OF OPERATING LOSS</b>		
<b>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (1,495,346)	\$ (9,527,013)
Adjustments to reconcile operating loss to net cash		
provided by operating activities:		
Depreciation expense	15,457,280	15,566,121
Payments on-behalf of the system	20,733,203	19,629,634
Change in assets and liabilities:		
Receivables, net	(1,885,023)	593,881
Merchandise for resale	(77,898)	99,026
Prepaid expenses and other assets	31,614	(40,943)
Accounts payable	548,585	(314,530)
Accrued payroll	(54,844)	103,919
Accrued compensated absences	(43,745)	3,792
Housing deposits	(12,000)	(6,300)
Unearned revenue	(135,842)	108,754
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 33,065,984</u>	<u>\$ 26,216,341</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Payments on-behalf of the system	\$ 20,733,203	\$ 19,629,634
Capital assets in accounts payable	678,339	797,581
Accretion on bonds payable	3,714,877	3,952,802
Net interest capitalized	88,106	484,182
Other capital asset adjustments	880,631	11,029
Loss on disposal of capital assets	27,666	13,954

The accompanying notes are an integral part of this statement.

**SOUTHERN ILLINOIS UNIVERSITY  
HOUSING AND AUXILIARY FACILITIES SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015 and 2014**

**1. Significant Accounting Policies**

**(A) Basis of Presentation**

These financial statements include all financial activities over which the Southern Illinois University Housing and Auxiliary Facilities System (the "System") exercises direct responsibility. The System combines the operations of the individual housing units, the student centers, the student recreation center, the student fitness center, the Carbondale child care center, the Carbondale student health center, the Carbondale student information system, the Carbondale softball field, the Carbondale football stadium, the Carbondale SIU Arena, the Carbondale Student Services Building, Edwardsville traffic and parking and the Edwardsville student success center into one operation. The Revenue Project Bonds of 2015A, 2012B, 2012A, 2009A, 2008A, 2006A, 1999A, 1997A and 1993A (the "Bonds") are secured in part by the revenues from these operations. The financial statements reflect the combined operations of the System as of and for the year ended June 30, 2015. The individual facilities included in the System are as follows:

Carbondale Campus	Edwardsville Campus
Southern Hills Apartments	University Center
Greek Row	Cougar Village
Thompson Point	Student Fitness Center
Towers	Woodland Hall
University Hall	Prairie Hall
Northwest Annex	Traffic and Parking
Student Center	Bluff Hall
Student Recreation Center	Evergreen Hall
Child Care Center	Student Success Center
Softball Field	
Student Health Center	
Wall and Grand Apartments	
Student Information System	
Football Stadium	
SIU Arena Renovations	
Evergreen Terrace	
Student Services Building	
Baseball Stadium	

These financial statements have been prepared to satisfy the requirements of the System's Revenue Bonds master indenture. The financial balances and activities of the System, included in these financial statements, are included in the University's financial statements. The System is not a separate legal entity.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Additionally, effective July 1, 2001, the System adopted GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments : Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The System now follows the business-type activity reporting requirements of GASB Statements No. 35, 37 and 38 that provide a comprehensive, entity-wide perspective of the System's financial activities and replaces the fund group presentations previously required. Effective July 1, 2004, the System adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The objective of this statement is to update the custodial credit risk disclosure requirements and to establish more comprehensive disclosure requirements addressing the common risks of deposits and investments. Effective July 1, 2007, the System adopted GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The System has disclosed pledged revenues in Note 6 to the financial statements. Effective July 1, 2012, the System adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. Incorporating GASB Statement No. 63 in the System's 2013 financial statements had no effect on beginning net position. Effective July 1, 2013, the System adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows or resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Incorporating GASB Statement No. 65 in the System's 2014 financial statements resulted in the presentation of the deferred loss on refunding, previously reported as a reduction of revenue bonds payable, as a deferred outflow on the Statement of Net Position. It also resulted in the expensing of the unamortized non-insurance components of the bond issuance costs, which were previously reported as prepaid expenses. Effective July 1, 2014 the System adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, which addresses the accounting and financial reporting by state and local governments for pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan net position of the State Universities Retirement System (SURS) and additions to/deductions from SURS' plan net position has 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.



**SOUTHERN ILLINOIS UNIVERSITY  
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For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities. Additional information required by GASB No. 68 is provided in Note 8

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

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

**(B) Merchandise For Resale**

Merchandise for resale includes inventories which are stated at the lower of cost or market. Cost is determined principally by the average cost method or the first-in, first-out method, depending on the type of inventory. The Student Center University Bookstore on the Carbondale campus has been leased to Follett Higher Education Group Inc. since May 8, 2001.

**(C) Buildings, Improvements and Equipment**

Buildings, improvements and equipment are recorded at cost less accumulated depreciation. The buildings are located on land owned by the University except for the Northwest Annex and University Hall which were purchased in part by the System. There is no charge to the System for the use of the land other than for grounds maintenance. The System's capitalization policy for capital assets is as follows: buildings with an acquisition cost of \$100,000 or greater, site or building improvements of \$25,000 or greater, and equipment items \$5,000 or greater.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 15 years for site or building improvements, 5 years for vehicles and electronic data processing equipment, and 7 years for other equipment. Land is not depreciated. The "following-month" prorate convention is used, in which no depreciation is recorded in the month of acquisition and an entire month of depreciation is recorded in the month of disposition.

**(D) Classification of Revenues and Expenses**

The System has classified its revenues and expenses as either operating or nonoperating. Operating revenues and expenses include activities that have characteristics of exchange transactions, such as sales and services of auxiliary enterprises. Nonoperating revenues and expenses include activities that have characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Other nonoperating revenues and expenses include transactions relating to capital and financing activities, noncapital financing activities, and investing activities. The System first applies restricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**(E) Cash and Cash Equivalents**

Cash and cash equivalents include bank accounts and investments with original maturities of ninety days or less at the time of purchase, primarily U.S. Treasury Bills and money market funds.

**(F) Investments**

Investments are reported at fair value. The investments, which consist of U.S. Treasury notes, are held in the University's name by its agent.

**(G) Allowance for Uncollectibles**

The System provides allowances for uncollectible accounts based upon management's best estimate of uncollectible accounts at the statement of net position date, considering type, age, collection history of receivables, and any other factors as considered appropriate. The System's accounts receivable balance is reported net of allowances of \$8,563,741 at June 30, 2015 and \$8,296,478 at June 30, 2014.

**(H) Revenue Bond Fee**

Transfers from other University funds of the revenue bond fee are based upon the amount budgeted. Fees in the amount of \$30,846 in 2015 and \$55,537 in 2014 have been collected in excess of the budgetary transfer and are available for future budgetary transfers.

**SOUTHERN ILLINOIS UNIVERSITY  
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**(I) Bond Insurance Issuance Costs**

The bond insurance issuance costs are included in prepaid expenses and other assets and are amortized on a straight line basis over the life of the bonds.

**(J) On-Behalf Payments**

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the System reported on-behalf payments made by agencies of the State of Illinois for health care and retirement. These costs are reflected in an equal amount in both the nonoperating revenues and salaries and wages of the System. On behalf payments for the year ended June 30, 2015 amounted to \$11,513,144 for health care costs, \$9,094,461 for retirement costs, and \$125,598 for social security and medicare. On behalf payments for the year ended June 30, 2014 amounted to \$10,802,913 for health care costs, \$8,701,658 for retirement costs, and \$125,063 for social security and medicare. Payments for retirement costs were made to the State Universities Retirement System in both years.

**(K) Classification of Net Position**

Net position represents the difference between System assets and deferred outflows and liabilities and deferred inflows and is divided into three major categories. The first category, net investment in capital assets, represents the System's equity in property, plant and equipment. The next asset category is restricted net position. Expendable restricted net position is available for expenditure by the System but must be spent for purposes as determined by donors or other external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, which represents balances from operational activities that have not been restricted by parties external to the System and are available for use by the System. The System first applies restricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**(L) Compensated Absences**

Accrued compensated absences for University personnel are charged to current funds based on earned but unused vacation and sick leave days including the University's share of Social Security and Medicare taxes.

**2. Pooled Cash and Investments**

It is University policy to invest funds in a manner which will provide investment returns and security consistent with good business practices, while meeting the daily cash flow demands of the University and conforming to all statutes governing the investments of funds. Funds are invested in accordance with the provisions of the Illinois Compiled Statutes, Chapter 30, Sections 235/0.01 – 235/8, the *Public Funds Investment Act*; the policies of the Board; and covenants provided from the University's bond and certificate of participation issuance activities. The University's Investment Policy authorizes the University to invest in securities of the United States of America, its agencies, and its instrumentalities; interest bearing savings accounts, certificates of deposit, interest bearing time deposits, and other direct obligations of any bank defined in the Illinois Banking Act; certain short term obligations of U.S. corporations rated in the highest three rating classification by at least two standard rating services provided such obligations do not mature in longer than 270 days from the time of purchase and the issuing entity has at least \$500 million in assets (limited to 33 percent of the portfolio); money market mutual funds provided they are comprised of only U.S. Treasuries, agencies and instrumentalities; Public Treasurer's Investment Pool-State Treasurer's Office; repurchase agreements of Government securities; and other specifically defined repurchase agreements.

The three basic objectives of the University's investment policy are safety of invested funds; maintenance of sufficient liquidity to meet cash flow needs; and attainment of the maximum investment returns possible consistent with the first two objectives. The University insures the safety of its invested funds by limiting credit and interest rate risks. The University's portfolio is structured to ensure that cash is available to meet anticipated demands. Additionally, since all possible cash demands cannot be anticipated, the portfolio consists largely of securities with active secondary or resale markets. The investment returns on the University's portfolio is a priority after the safety and liquidity objectives have been met. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

The University has pooled certain cash and investments for the purpose of securing a greater return on investment and providing a more equitable distribution of investment return. Pooled investments, which consist principally of government securities, are stated at market. Income is distributed quarterly based upon average balances invested in the pool over the prior 13 week period. There are no investments in foreign currency. It is not feasible to separately determine the System's bank balance at June 30, 2015 and June 30, 2014 due to the pooling of the University's cash and investments.

*Credit risk:* Credit risk is the risk of loss due to the failure of the security issuer or backer to meet promised interest or principal payments on required dates. Credit risk is mitigated by limiting investments to those specified in the *Illinois Public Funds Investment Act*, which prohibits investment in corporate bonds with maturity dates longer than 270 days from the date of purchase; pre-qualifying the financial institutions which are utilized; and diversifying the investment portfolio so that the failure of any one issuer or backer will not place an undue financial burden on the University. U.S. Treasuries are federal government securities that do not require the disclosure of credit risk. The U.S. agencies investments typically include the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Home Loan Bank, all of which carry a rating in the AA category or higher. The Public Treasurer's Investment Pool is rated AAAM.

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

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

*Interest rate risk:* Interest rate risk is the risk that the market value of portfolio securities will fall or rise due to changes in general interest rates. Interest rate risk is mitigated by maintaining significant balances in cash equivalent and other short maturity investments and by establishing an asset allocation policy that is consistent with the expected cash flows of the University. The internally managed portfolio is managed in accordance with covenants provided from the University's debt issuance activities. The externally managed portfolio is typically allocated with a minimum of \$40 million held in cash equivalents and \$65 to \$115 million held in the intermediate-term portfolio. However, circumstances may occur that cause the allocations to temporarily fall outside the prescribed ranges.

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

Interest rate risk is disclosed below using the segmented time distribution method. As of June 30, 2015 and 2014, the System has the following cash and investment balances:

Investment Type	Fair Value	June 30, 2015 Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 20,770,804	\$ 12,493,416	\$ 8,277,388	\$ -	\$ -
U.S. Agencies	-	-	-	-	-
<b>Total Investments</b>	<b>20,770,804</b>	<b>\$ 12,493,416</b>	<b>\$ 8,277,388</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Equivalents</b>					
The Illinois Funds	19,985,085				
Cash and Equivalents	37,849,274				
<b>Total Cash &amp; Equivalents</b>	<b>57,834,359</b>				
<b>Total Cash &amp; Investments</b>	<b>\$ 78,605,163</b>				

Investment Type	Fair Value	June 30, 2014 Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 15,869,351	\$ 13,398,364	\$ 2,470,987	\$ -	\$ -
U.S. Agencies	-	-	-	-	-
<b>Total Investments</b>	<b>15,869,351</b>	<b>\$ 13,398,364</b>	<b>\$ 2,470,987</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Equivalents</b>					
The Illinois Funds	19,508,139				
Cash and Equivalents	33,128,137				
<b>Total Cash &amp; Equivalents</b>	<b>52,636,276</b>				
<b>Total Cash &amp; Investments</b>	<b>\$ 68,505,627</b>				

### 3. Investments and Investment Income

Southern Illinois University has adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement establishes accounting and reporting standards for certain investments and securities and establishes disclosure requirements for most investments held by governmental entities. It requires that investments be recorded at fair (market) value and that unrealized gains and losses be recorded in income. The fair value is determined to be the amount at which financial instruments could be exchanged in a current transaction between willing parties, usually quoted market prices. The investment with the Public Treasurer's Investment Pool (The Illinois Funds) is at fair value, which is the same value as the pool shares. State statutes require the Illinois Funds to comply with the *Illinois Public Funds Investment Act* (30 ILCS 235). Also, certain money market investments having a remaining maturity of one year or less at time of purchase and nonnegotiable certificates of deposit with redemption terms that do not consider market rates are carried at amortized cost.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. Investment income net of realized and unrealized gains and losses on investments for the years ended June 30, 2015 and 2014 is reflected below.

	2015	2014
Interest earnings	\$ 472,600	\$ 464,395
Realized gain on investments	-	-
Unrealized gain (loss) on investments	8,584	(7,307)
<b>Net investment income</b>	<b>\$ 481,184</b>	<b>\$ 457,088</b>

**SOUTHERN ILLINOIS UNIVERSITY  
HOUSING AND AUXILIARY FACILITIES SYSTEM  
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**4. Capital Assets**

Capital asset activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 605,395	\$ -	\$ -	\$ -	\$ 605,395
Construction in progress	15,317,271	10,281,911	9,466	(17,216,258)	8,373,458
Total capital assets not being depreciated	15,922,666	10,281,911	9,466	(17,216,258)	8,978,853
Capital assets being depreciated:					
Buildings	448,652,392	957,083	-	13,579,657	463,189,132
Improvements	12,938,243	100,625	-	3,636,601	16,675,469
Equipment	16,951,168	438,242	363,263	-	17,026,147
Total capital assets being depreciated	478,541,803	1,495,950	363,263	17,216,258	496,890,748
Less accumulated depreciation for:					
Buildings	189,749,679	13,243,096	-	-	202,992,775
Improvements	7,905,190	639,393	(6,303)	-	8,550,886
Equipment	11,143,584	1,574,791	293,397	-	12,424,978
Total accumulated depreciation	208,798,453	15,457,280	287,094	-	223,968,639
Total capital assets being depreciated, net	269,743,350	(13,961,330)	76,169	17,216,258	272,922,109
Capital assets, net	\$ 285,666,016	\$ (3,679,419)	\$ 85,635	\$ -	\$ 281,900,962

The System incurred interest expense of \$12,871,923 during 2015 including \$88,106 of capitalized interest.

Capital asset activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 605,395	\$ -	\$ -	\$ -	\$ 605,395
Construction in progress	45,115,218	15,627,719	-	(45,425,666)	15,317,271
Total capital assets not being depreciated	45,720,613	15,627,719	-	(45,425,666)	15,922,666
Capital assets being depreciated:					
Buildings	403,358,051	125,847	134,761	45,303,255	448,652,392
Improvements	12,759,768	56,084	-	122,411	12,938,243
Equipment	16,812,970	359,432	221,234	-	16,951,168
Total capital assets being depreciated	432,930,789	541,343	355,995	45,425,666	478,541,803
Less accumulated depreciation for:					
Buildings	176,730,582	13,153,858	134,761	-	189,749,679
Improvements	7,268,996	636,194	-	-	7,905,190
Equipment	9,574,794	1,776,070	207,280	-	11,143,584
Total accumulated depreciation	193,574,372	15,566,122	342,041	-	208,798,453
Total capital assets being depreciated, net	239,356,417	(15,024,779)	13,954	45,425,666	269,743,350
Capital assets, net	\$ 285,077,030	\$ 602,940	\$ 13,954	\$ -	\$ 285,666,016

The System incurred interest expense of \$13,316,988 during 2014 including \$484,182 of capitalized interest.

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**5. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds payable	\$268,102,149	\$11,919,877	\$18,044,184	\$261,977,842	\$18,521,090
Compensated absences	2,254,701	46,445	90,191	2,210,955	164,242
Housing deposits	262,275	181,764	193,764	250,275	112,624
Total long-term liabilities	<u>\$270,619,125</u>	<u>\$12,148,086</u>	<u>\$18,328,139</u>	<u>\$264,439,072</u>	<u>\$18,797,956</u>

Long-term liability activity for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds payable	\$281,462,663	\$3,952,802	\$17,313,316	\$268,102,149	\$17,715,529
Compensated absences	2,250,909	45,509	41,717	2,254,701	233,017
Housing deposits	268,575	170,503	176,803	262,275	118,024
Total long-term liabilities	<u>\$283,982,147</u>	<u>\$4,168,814</u>	<u>\$17,531,836</u>	<u>\$270,619,125</u>	<u>\$18,066,570</u>

**6. Revenue Bonds Payable**

On March 19, 2015, the Board adopted the "Sixteenth Supplemental System Revenue Bond Resolution" which amended and supplemented the Original Resolution of August 29, 1984, the First Supplemental Resolution of November 13, 1986, the Second Supplemental Resolution of February 13, 1992, the Third Supplemental Resolution of May 13, 1993, the Fourth Supplemental Resolution of September 12, 1996, the Fifth Supplemental Resolution of July 10, 1997, the Sixth Supplemental Resolution of May 13, 1999, the Seventh Supplemental Resolution of May 11, 2000, the Eighth Supplemental Bond Resolution of July 12, 2001, as amended and restated on December 11, 2003, the Ninth Supplemental Resolution of December 12, 2002, the Tenth Supplemental Resolution of October 14, 2004, the Eleventh Supplemental Bond Resolution of March 9, 2006, as amended and restated on May 2, 2006 and November 9, 2006, the Twelfth Supplemental Bond Resolution of April 10, 2008, the Thirteenth Supplemental System Revenue Bond Resolution of April 2, 2009, the Fourteenth Supplemental System Revenue Bond Resolution of December 8, 2011, and the Fifteenth Supplemental System Revenue Bond Resolution of November 8, 2012. The outstanding bond issues related to the respective bond resolutions of the System are as follows:

**(A) Series 2015A Bonds**

These bonds were authorized by the Board under the Sixteenth Supplemental Bond Resolution dated March 19, 2015 and were issued as current interest bonds in the original amount of \$8,205,000. The bonds were issued at par with an interest rate of 2.85 percent. Proceeds will be used for the reconstruction of parking lots including installation of new light poles and pay-by-space equipment on the Edwardsville campus; an expansion of the Student Fitness Center on the Edwardsville campus; and renovation of the Baseball Stadium on the Carbondale Campus. As of June 30, 2015, these bonds mature in 2030 and were outstanding in the amount of \$8,205,000. The balance as of June 30, 2014 was \$0.

**(B) Series 2012B Bonds**

These bonds were authorized by the Board under the Fifteenth Supplemental Bond Resolution dated November 8, 2012, and were issued in two series. Series 2012B-1 were issued as tax-exempt, current interest bonds in the original amount of \$39,335,000 and Series 2012B-2 were issued as taxable Qualified Energy Conservation bonds in the original amount of \$5,365,000. The bonds were sold on December 19, 2012 at a premium of \$6,245,917 with interest rates ranging from 1.00 to 5.00 percent. The Series 2012B-1 bonds were issued for the purpose of refunding the Series 2003A and a portion of the Series 2004A current interest bonds; and demolition of student residence halls, Allen, Boomer and Wright, commonly referred to as the Triads, on the Carbondale campus. The Series 2012B-2 bonds were issued for financing improvements of the Student Recreation Center. The advance refundings, which were undertaken by the Board to effect cost savings, resulted in a net decrease in debt service payments of \$6,293,473. The financing resulted in an economic gain of \$4,829,291 and an accounting loss of \$2,216,389. As of June 30, 2015, these bonds mature in 2035 and were outstanding in the amount of \$47,682,986. The balance as of June 30, 2014 was \$49,521,892.

**(C) Series 2012A Bonds**

These bonds were authorized by the Board under the Fourteenth Supplemental Bond Resolution dated December 8, 2011 and were issued as current interest bonds in the original amount of \$29,805,000. The bonds were sold on January 11, 2012 at a premium of \$273,628 with interest rates ranging from 2.05 to 4.38 percent. Proceeds will be used for the construction and equipping of a Student Services Building on the Carbondale Campus and refund a portion of the Series 2001A current interest bonds. Debt service reserve funds of \$1,592,622 were released and used to pay a portion of Series 2001A debt service. The current refunding, which was undertaken by the Board to effect a cost savings, resulted in a net decrease in debt service payments of \$1,939,053 of which \$1,592,622 represents application of the debt service reserve released funds. The financing resulted in an economic gain of \$233,957 and an accounting loss of \$9,103. As of June 30, 2015, these bonds mature in 2030 and were outstanding in the amount of \$25,861,175. The balance as of June 30, 2014 was \$26,964,856.

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**(D) Series 2009A Bonds**

These bonds were authorized by the Board under the Thirteenth Supplemental Bond Resolution dated April 2, 2009 and were issued as taxable Build America Bonds in the original amount of \$53,735,000. The bonds were issued as current interest bonds on May 15, 2009 at a premium of \$226,028 with interest rates ranging from 2.50 to 6.20 percent. Proceeds will be used for the construction and equipping of a new football stadium on the Carbondale campus, including the relocation of certain tennis courts and playing fields from the project site and the renovation and equipping of the SIU Arena and the construction of a new addition thereto on the Carbondale Campus. As of June 30, 2015, these bonds mature in 2030 and were outstanding in the amount of \$43,410,062. The balance as of June 30, 2014 was \$45,605,825.

**(E) Series 2008A Bonds**

These bonds were authorized by the Board under the Twelfth Supplemental Bond Resolution dated April 10, 2008 and were issued as current interest bonds in the original amount of \$30,105,000. The bonds were sold on May 8, 2008 at a premium of \$1,359,732 with interest rates ranging from 3.00 to 5.50 percent and were issued to finance the construction and equipping of a Student Success Center on the Edwardsville campus; the construction and equipping of an expansion to the Student Fitness Center on the Edwardsville campus; and the installation of sprinklers and other safety/security enhancements to housing on the Carbondale campus. As of June 30, 2015, these bonds mature in 2028 and were outstanding in the amount of \$24,771,292. The balance as of June 30, 2014 was \$26,059,625.

**(F) Series 2006A Bonds**

These bonds were authorized by the Board under the Eleventh Supplemental Bond Resolution dated March 9, 2006, as amended and restated on May 2, 2006 and November 9, 2006, and were issued as current interest bonds in the original amount of \$69,715,000. The bonds were sold on May 24, 2006 at a premium of \$3,155,475 with interest rates ranging from 4.00 to 5.25 percent. The bonds were issued for the purpose of refunding a portion of the Series 1997A, 2000A and 2001A current interest bonds; financing the construction of a student residence hall with an adjoining parking lot for the Edwardsville campus; construction of an additional 350 space parking lot for the Edwardsville campus; funding various safety/security enhancements and other replacements to, and renovations of, the facilities of the System on the Carbondale campus; and purchasing and implementing a student information system for the Carbondale campus. As of June 30, 2015, these bonds mature in 2036 and were outstanding in the amount of \$49,743,224. The balance as of June 30, 2014 was \$53,628,919.

**(G) Series 1999A Bonds**

These bonds were authorized by the Board under the Sixth Supplemental Bond Resolution dated May 13, 1999 and were issued as capital appreciation bonds in the original amount of \$21,001,900. The bonds were issued at a premium of \$53,851 with interest rates ranging from 4.10 to 5.55 percent. The capital appreciation bonds are non-interest bearing and will accrete the interest factor as additional bonds payable over the term of the bonds. These bonds were issued to finance the construction of a residence hall and renovations of the University Center food service facilities. All projects financed by the Series 1999A bonds are associated with the Edwardsville campus. The bonds mature in 2029. As of June 30, 2015, after accreting the capital appreciation, these bonds were outstanding in the amount of \$43,781,776. The balance as of June 30, 2014 was \$41,944,695.

**(H) Series 1997A Bonds**

These bonds were authorized by the Board under the Fifth Supplemental Bond Resolution dated July 10, 1997 and were issued as current interest bonds and capital appreciation bonds in the original amounts of \$8,575,000 and \$29,521,284, respectively. The current interest bonds were issued at a nominal discount while the capital appreciation bonds were issued at par with interest rates ranging from 4.20 to 5.50 percent. The capital appreciation bonds are non-interest bearing and will accrete the interest factor as additional bonds payable over the term of the bonds. These bonds were issued to finance the construction of Prairie Hall, a residence hall, renovations of existing housing and food service facilities, and construction and improvement to the parking facilities. All projects financed by the Series 1997A bonds are associated with the Edwardsville campus. On March 9, 2006, as amended and restated on May 2, 2006 and November 9, 2006, the Board authorized the advance refunding of a portion of the current interest bonds of the Series 1997A. Bonds in the amount of \$2,915,000 were advance refunded. The bonds mature in 2018. As of June 30, 2015, after accreting the capital appreciation, the remaining bonds were outstanding in the amount of \$7,587,611. The balance as of June 30, 2014 was \$10,216,978.

**(I) Series 1993A Bonds**

These bonds were authorized by the Board under the Third Supplemental Bond Resolution dated May 13, 1993 and were issued as current interest bonds and capital appreciation bonds in the original amounts of \$8,010,000 and \$8,660,506, respectively. The current interest bonds were issued at a nominal discount while the capital appreciation bonds were issued at par with interest rates ranging from 6.05 to 6.20 percent. The capital appreciation bonds are non-interest bearing and will accrete the interest factor as additional bonds payable over the term of the bonds. These bonds were issued to finance the acquisition of the Northwest Annex, an existing facility, and the construction of the Child Care Center at the Carbondale campus and the construction of Woodland Hall at the Edwardsville campus. On December 12, 2002, the Board authorized the current refunding of the current interest bond portion of the Series 1993A Bonds. The bonds were called and redeemed in full on April 1, 2003. The bonds mature in 2018. As of June 30, 2015, after accreting the capital appreciation, the remaining capital appreciation bonds were outstanding in the amount of \$10,934,716. The balance as of June 30, 2014 was \$14,159,359.

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These bonds, which are payable through 2036, do not constitute a debt of the State of Illinois or the individual members, officers or agents of the Board of Trustees of the University but, together with interest thereon, are payable from and secured by a pledge of and lien on (i) the net revenues of the System, (ii) pledged tuition in an amount not to exceed maximum annual debt service (subject to prior payment of operating and maintenance expenses of the System), (iii) the Bond and Interest Sinking Fund account, and (iv) the Repair and Replacement Reserve account. Unrefunded bonds issued in 2001 and prior are additionally secured by the Debt Service Reserve. Total principal and interest remaining on the debt is \$368,498,980 with annual requirements ranging from \$2,604,000 to \$27,524,927. For the current year, principal and interest paid was \$26,920,816, and the total revenues pledged were \$68,217,324. In the prior year, principal and interest paid was \$26,535,010, and the total revenues pledged were \$62,345,702. For fiscal year 2015, the total revenue pledged represents 100 percent of the net revenues of the System and 20 percent of net tuition revenue received, compared to 100 percent of the net revenues and 17 percent of net tuition revenue received during fiscal year 2014. Although net tuition is pledged, it is not expected to be needed to meet debt service requirements.

The bond resolution requires that debt service coverage on a cash basis be at least 120 percent of the maximum annual debt service. For the year ended June 30, 2015, the maximum annual debt service was \$27,524,927 and the coverage was 248 percent. For the year ended June 30, 2014, the maximum annual debt requirement was \$26,920,816, and the coverage was 232 percent. The bond resolution also requires the Treasurer to transfer annually to Renewals and Replacements from the funds remaining in unrestricted net position the sum of 10 percent of the maximum annual net debt service requirement or such portion thereof as is available for transfer. The net position of Renewals and Replacements was \$28,360,943 at June 30, 2015, and \$25,078,988 at June 30, 2014.

All of the refunded bonds are considered to be defeased and, accordingly, have been accounted for as if they were retired. As of June 30, 2015 and 2014, there were no outstanding balances of refunded bonds.

Revenue bond debt service requirements to maturity are as follows as of June 30, 2015:

Year Ending June 30,	Principal	Interest	Total
2016	18,360,000	9,164,927	27,524,927
2017	17,450,000	8,671,598	26,121,598
2018	19,175,000	8,256,585	27,431,585
2019	17,120,000	7,761,645	24,881,645
2020	17,765,000	7,209,947	24,974,947
2021 – 2025	82,690,000	27,911,875	110,601,875
2026 – 2030	76,945,000	14,903,323	91,848,323
2031 – 2035	27,780,000	4,730,080	32,510,080
2036	2,480,000	124,000	2,604,000
Total Payments	\$ 279,765,000	\$ 88,733,980	\$ 368,498,980
Less Unaccreted Appreciation	(26,790,737)		
Total Payable	252,974,263		
Unamortized debt premium	9,003,579		
Total Bonds Payable	\$ 261,977,842		

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**7. Related Party Transactions**

Expenditures to maintain the University Housing Office and Auxiliary Fiscal Reports Office are allocated by the University to the various related operations, including those of the System, on the basis of gross revenues generated by each.

In addition, seven of the buildings on Greek Row, a portion of the Northwest Annex (29,100 net sq. ft.), one room of the Lentz Hall dining facilities at Thompson Point, and the Student Services Building are leased by the University from the System on a year-to-year basis and are used for a variety of academic, administrative, and student service purposes. The lease rentals (\$1,015,825 in 2015) are inclusive of the debt service requirements, insurance, administrative overhead and grounds maintenance costs. In addition, the University pays all operating and building maintenance costs for the leased properties.

Expenditures capitalized in 2015 include \$1,779,149 paid for by other University funds as compared to \$7,080,750 during 2014.

**8. Retirement Benefits**

**General Information about the Pension Plan**

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

*Benefits Provided:* A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2014 can be found in the SURS' comprehensive annual financial report (CAFR) Notes to the Financial Statements.

*Contributions:* The State of Illinois is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of SURS to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2014 and 2015 respectively, was 11.91% and 11.71% 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. The contribution requirements of plan members and employers are established and may be amended by the Illinois 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).

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

*Net Pension Liability:* At June 30, 2014, SURS reported a net pension liability (NPL) of \$21,790,983,139. The net pension liability was measured as of June 30, 2013.

*Employer Proportionate Share of Net Pension Liability:* The amount of the proportionate share of the net pension liability to be recognized for Southern Illinois University (SIU), of which the System is a part, is \$0. The proportionate share of the State's net pension liability associated with SIU is \$2,080,655,566 or 9.55%. This amount is not recognized in the financial statement. The net pension liability was measured as of June 30, 2014, and the total pension used to calculate the net pension liability was determined based on the June 30, 2013 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2014.

*Pension Expense:* At June 30, 2014 SURS reported a collective net pension expense of \$1,650,338,263.

*Employer Proportionate Share of Pension Expense:* The University's proportionate share of collective pension expense is recognized as on-behalf revenue and matching expense in the financial statements. The basis allocation used in the proportionate share of collective pension expense is the actual reported pensionable earnings made to SURS during fiscal year 2014. As a result, SIU recognizes on-behalf revenue and pension expense of \$157,578,273 for the fiscal year ended June 30, 2015. The System recognizes on-behalf revenue and pension expense \$9,094,461 for the fiscal year ended June 30, 2015.



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

**SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0	\$ 0
Changes in assumption	88,940,815	0
Net difference between projected and actual earnings on pension plan investments	0	1,271,105,952
<b>Total</b>	<b>\$88,940,815</b>	<b>\$1,271,105,952</b>

**Employer Deferral of Fiscal Year 2015 Pension Expense**

SIU paid \$2,735,385 in federal, trust or grant contributions for the fiscal year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as Deferred Outflows of Resources as of June 30, 2015. None of these payments were within the System.

**Assumptions and Other Inputs**

*Actuarial assumptions:* The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period June 30, 2006-2010 and an economic study completed June 2014. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 12.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

*Changes of benefit terms.* There were no benefit changes recognized in the Total Pension Liability as of June 30, 2014.

*Changes of assumptions.* In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015. There are no changes of assumptions that affect measurement of the total collective pension liability since the prior measurement date.

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, 2014, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	31%	7.65%
Private Equity	6%	8.65%
Non-U.S. Equity	21%	7.85%
Global Equity	8%	7.90%
Fixed Income	19%	2.50%
Treasury-Inflation Protected Securities	4%	2.30%
Real Estate	6%	6.20%
REITS	4%	6.20%
Opportunity Fund	1%	2.50%
<b>Total</b>	<b>100%</b>	<b>5.00%</b>
<b>Inflation</b>		<b>2.75%</b>
<b>Expected Geometrical Normal Return</b>		<b>7.75%</b>

*Discount Rate:* A single discount rate of 7.090% 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 7.250% and a municipal bond rate of 4.290% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the SURS' funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2065. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2065, and the municipal bond rate was applied to all benefit payments after that date.

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*Sensitivity of the SURS'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 plan's net pension liability, calculated using a single discount rate of 7.09%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

<b>1% Decrease</b>	<b>Current Single Discount Rate</b>	<b>1% Increase</b>
<b><u>6.09%</u></b>	<b><u>Assumption</u></b>	<b><u>8.09%</u></b>
<b><u>7.09%</u></b>	<b><u>7.09%</u></b>	<b><u>8.09%</u></b>
\$26,583,701,134	\$21,790,983,139	\$17,796,570,836

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at [www.SURS.org](http://www.SURS.org).

## 9. Post-Employment Benefits

In addition to providing the above pension benefits, the State provides health, dental, vision and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. This includes annuitants of the System. Substantially all State employees, including the System's employees, may become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored plans. Health, dental and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and various unions that represent the State's and System's employees. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the System's portion of employer costs for the benefits provided. The total costs of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents. A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 401 South Spring Street, Springfield, Illinois, 62706.

## 10. Insurance

The University is exposed to various risks of loss relative to general liability, professional liability, and certain group coverage of student health and life benefits. The University minimizes its exposure through a combination of risk reduction and self-insurance programs, as well as primary and excess insurance coverage with commercial carriers. No significant reductions in insurance have occurred and the amount of settlements have not exceeded insurance coverage.

The general and professional liability self-insurance fund provides for comprehensive general and professional liability coverage. The University also purchases excess insurance coverage with commercial carriers for claims that may result in catastrophic losses. The University makes contributions to the general and professional liability self-insurance fund based on yearly actuarial analysis. The actuarial analysis for 2015 included a 1.5% discount rate for self-insurance liabilities.

## 11. Contingencies and commitments

From time to time, the University is a defendant in lawsuits which relate to the System. In the opinion of the University's legal counsel and its administrative officers, any ultimate liability which could result from such litigation would not have a material effect on the System's financial position.

The System has active construction projects as of June 30, 2015 and \$56,454 has been committed to the completion of these projects as compared to \$1,483,410 committed as of June 30, 2014.

## 12. Subsequent event

On July 16, 2015, the Board of Trustees of Southern Illinois University authorized the issuance of the Housing and Auxiliary Facilities System Revenue Bonds, Series 2015B in an amount not exceeding \$27,500,000 for the purpose of refunding a portion of the 2006A bond issuance. On August 13, 2015, Southern Illinois University issued Housing and Auxiliary Facilities System Revenue Bonds, Series 2015B with a par value of \$20,735,000.

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REQUIRED SUPPLEMENTARY INFORMATION  
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**Schedule of the Housing and Auxiliary Facilities System  
Proportionate Share of the Net Pension Liability**

	<u>Fiscal Year 2014</u>
(a) Proportion Percentage of the Collective Pension Liability	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$0
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	\$124,839,334
Total (b) + (c)	\$124,839,334
Employer Covered-employee payroll	\$20,883,340
Proportion of Collective Net Pension Liability associated With Employer as a percentage of covered-employee payroll	597.79%

**Schedule of Contributions**

SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%
Federal, Trust, Grant and Other contribution	\$0
Contribution in relation to required contribution	\$0
Contribution deficiency (excess)	\$0
Employer Covered-employee payroll	\$20,883,340
Contributions as a percentage of covered-employee payroll	0%

*Changes of benefit terms.* There were no benefit changes recognized in the Total Pension Liability as of June 30, 2014.

*Changes of assumptions.* In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015. There are no changes of assumptions that affect measurement of the total collective pension liability since the prior measurement date.

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

SOUTHERN ILLINOIS UNIVERSITY  
HOUSING AND AUXILIARY FACILITIES SYSTEM  
SCHEDULE OF BONDS PAYABLE OUTSTANDING  
June 30, 2015

		REVENUE BONDS		
		SERIES 1993A		
		Principal Amount	Accreted Value at Maturity	Interest Rate
Interest Bearing Bonds:				
Serial Bonds maturing as follows:				
2016	10,795,000	-	-	-
2017	9,895,000	-	-	-
2018	10,925,000	-	-	-
2019	11,450,000	-	-	-
2020	11,985,000	-	-	-
2021	12,010,000	-	-	-
2022	10,165,000	-	-	-
2023	8,915,000	-	-	-
2024	8,570,000	-	-	-
2025	8,935,000	-	-	-
2026	5,960,000	-	-	-
2027	4,620,000	-	-	-
2028	2,515,000	-	-	-
2029	2,270,000	-	-	-
2030	2,355,000	-	-	-
2031	1,860,000	-	-	-
2032	1,940,000	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
Term Bonds maturing as follows:				
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	1,315,000	-	-	-
2024	1,380,000	-	-	-
2025	1,450,000	-	-	-
2026	4,690,000	-	-	-
2027	6,475,000	-	-	-
2028	9,075,000	-	-	-
2029	7,765,000	-	-	-
2030	6,920,000	-	-	-
2031	3,380,000	-	-	-
2032	3,545,000	-	-	-
2033	3,725,000	-	-	-
2034	3,895,000	-	-	-
2035	4,070,000	-	-	-
2036	2,480,000	-	-	-
Qualified Energy Conservation Bonds maturing as follows:				
2035	5,365,000	-	-	-
<b>Total Interest Bearing Bonds</b>	<b>190,695,000</b>	<b>-</b>		
Capital Appreciation Bonds maturing as follows:				
2016	7,241,907	3,870,480	4,050,000	6.150%
2017	6,819,182	3,639,865	4,050,000	6.200%
2018	7,027,936	3,424,372	4,050,000	6.200%
2019	4,626,028	-	-	-
2020	4,464,645	-	-	-
2021	4,350,438	-	-	-
2022	4,151,880	-	-	-
2023	3,928,524	-	-	-
2024	3,716,604	-	-	-
2025	3,518,712	-	-	-
2026	3,327,876	-	-	-
2027	3,202,927	-	-	-
2028	3,032,127	-	-	-
2029	2,870,477	-	-	-
<b>Total Capital Appreciation Bonds</b>	<b>62,279,263</b>	<b>10,934,717</b>		
<b>Total</b>	<b>\$ 252,974,263</b>	<b>\$ 10,934,717</b>		

\*\*Approximate yield to maturity.

This schedule of bonds payable outstanding does not reflect unamortized debt premium.

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SOUTHERN ILLINOIS UNIVERSITY  
HOUSING AND AUXILIARY FACILITIES SYSTEM  
SCHEDULE OF BONDS PAYABLE OUTSTANDING  
June 30, 2015

	REVENUE BONDS		REVENUE BONDS	
	SERIES 2008A		SERIES 2009A	
	Principal Amount	Interest Rate	Principal Amount	Interest Rate
<b>Interest Bearing Bonds:</b>				
Serial Bonds maturing as follows:				
2016	1,390,000	5.000%	2,245,000	4.550%
2017	1,540,000	5.000%	2,310,000	4.800%
2018	1,635,000	5.000%	2,385,000	5.000%
2019	1,785,000	5.250%	2,460,000	5.300%
2020	1,900,000	5.250%	2,545,000	5.250%
2021	2,055,000	4.000%	2,635,000	5.450%
2022	2,175,000	5.500%	2,725,000	5.600%
2023	2,285,000	5.500%	2,825,000	5.750%
2024	1,690,000	4.250%	2,930,000	5.900%
2025	1,770,000	4.500%	3,045,000	6.000%
2026	1,815,000	4.500%	-	-
2027	1,890,000	4.500%	-	-
2028	1,970,000	4.500%	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
Term Bonds maturing as follows:				
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	3,165,000	6.200%
2027	-	-	3,290,000	6.200%
2028	-	-	3,425,000	6.200%
2029	-	-	3,560,000	6.200%
2030	-	-	3,705,000	6.200%
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
Qualified Energy Conservation Bonds maturing as follows:				
2035	-	-	-	-
<b>Total Interest Bearing Bonds</b>	<b>23,900,000</b>		<b>43,250,000</b>	
<b>Capital Appreciation Bonds maturing as follows:</b>				
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
<b>Total Capital Appreciation Bonds</b>	<b>-</b>		<b>-</b>	
<b>Total</b>	<b>\$ 23,900,000</b>		<b>\$ 43,250,000</b>	

REVENUE BONDS	
SERIES 2012A	
Principal Amount	Interest Rate

REVENUE BONDS	
SERIES 2012B	
Principal Amount	Interest Rate

REVENUE BONDS	
SERIES 2015A	
Principal Amount	Interest Rate