ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS

FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2021

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

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
FINANCIAL AUDIT
For the Year Ended June 30, 2021

Table of Contents

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
FINANCIAL AUDIT
For the Year Ended June 30, 2021

University Officials

President	Dr. Guiyou Huang (01/01/21 – Present) Dr. Martin Abraham, Interim (07/01/20 – 12/31/20)
Provost and Academic Vice President	Mr. William Clow, Interim (07/01/21 – Present) Dr. Martin Abraham (01/01/21 – 06/30/21) Mr. William Clow, Interim (07/01/20 – 12/31/20)
Vice President for Student Services	Dr. David Braverman (07/01/21 to Present) Mr. John Smith, Interim (07/01/20 – 06/30/21)
Vice President for Finance and Administration	Ms. Shannon Sutton, Interim (07/01/21 – Present)
Associate Vice President for Budget and Finance*	Dr. Teresa Smith, Interim (09/08/20 – 06/30/21) Ms. Shannon Sutton, Acting (08/01/20 – 09/07/20) Ms. Letisha Trepac (07/01/20 – 07/31/20)
Vice President of Enrollment Management	Dr. Amber Schultz (08/01/21 – Present)
Associate Vice President of Enrollment Management**	Mr. Gary Swegan (07/01/20 – 08/06/21)
Interim Administrator in Charge, Quad Cities Campus	Dr. Kristi Mindrup (07/01/20 – Present)
Executive Director of Financial Affairs	Ms. Ketra Roselieb (07/01/21 – Present)
Executive Director of Personnel Financial Affairs***	Ms. Ketra Roselieb (01/01/20 – 06/30/21)
Director of Internal Auditing	Mr. Michael Sowinski (01/01/21 – Present) Vacant (07/01/20 – 12/31/20)
General Counsel	Ms. Elizabeth Duvall (07/01/20 – Present)

*Position renamed Vice President for Finance and Administration on 07/01/21
**Position renamed Vice President of Enrollment Management on 08/01/21
***New position as of 01/01/20 and renamed Executive Director of Financial Affairs on 07/01/21

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
FINANCIAL AUDIT
For the Year Ended June 30, 2021

University offices are located at:

Macomb Campus	Quad Cities Campus
1 University Circle	3300 River Drive
Macomb, Illinois 61455-1390	Moline, Illinois 61265-588

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
FINANCIAL AUDIT
For the Year Ended June 30, 2021

Financial Statement Report

Summary

The audit of the accompanying financial statements of Western Illinois University (University) was performed by Adelfia LLC.

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

Summary of Findings

Number of	Current Report	Prior Report
Findings	2	1
Repeated Findings	1	-
Prior Findings Not Repeated	-	1

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
			Current Findings	
2021-001	71	2020/2020	Inadequate Internal Controls over Census Data	Material Weakness and Noncompliance
2021-002	75	New	Failure to Apply Appropriate Generally Accepted Accounting Principles	Material Weakness and Noncompliance

Exit Conference

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on May 25, 2022.

Attending were:

Western Illinois University

Doug Shaw	Board of Trustees, Chair
William Clow	Provost and Academic Vice President
Amber Schultz	Vice President for Enrollment Management
Shannon Sutton	Interim Vice President for Finance and Administration
Ketra Roselieb	Executive Director of Personnel and Financial Affairs
Brittany Johnson	Financial Reporting Manager
Jessica Dunn	Assistant Comptroller

Exit Conference (Continued)

Western Illinois University

Bruce Western	Chief Human Resources Officer
Joe Roselieb	Executive Director of Auxiliary Services and Risk Management
Jeremy Merritt	Interim Chief Information Officer
Robert Emmert	Director of Business Applications and User Support Services
Michael Sowinski	Director of Internal Auditing

Office of the Auditor General

Stacie Sherman	Audit Manager
Joseph Gudgel	IT Audit Manager

Adelfia LLC

Stella Marie Santos	Partner
Ana Liza Ausan	Partner
Annabelle Abueg	Principal
Allan Salumbides	Senior Auditor

The responses to the recommendations were provided by Dr. Guiyou Huang, President, in a correspondence dated May 27, 2022.

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Western 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 and the aggregate discretely presented component unit of Western Illinois University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

400 E. Randolph Street, Suite 700, Chicago, Illinois 60601 | **T** (312) 240-9500 | **F** (312) 240-0295 | www.adelfiacpas.com

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

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

Opinions

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

Emphasis of Matters

As discussed in Note 20 to the financial statements, in Fiscal Year June 30, 2021, the University adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. The implementation of this standard required the University to reclassify previously reported agency funds as custodial funds. Our opinions are not modified with respect to this matter.

Further, as discussed in Note 21 to the financial statements, in Fiscal Year June 30, 2021, the University's financial statements have been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Required Supplementary Information – Pension, Notes to the Required Supplementary Information – Pension, and Required Supplementary Information – OPEB on pages [8-16, 65, 66, and 67] be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Supplementary Information – Table of Operating Expenses on page 68 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2022, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 1, 2022

This section of the Western Illinois University (University) annual financial report presents management's discussion and analysis (MD&A) of the financial performance of the University during the fiscal year ended June 30, 2021. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting change, current known facts, and future outlook. The financial statements, footnotes, and this discussion are the responsibility of University management.

This MD&A focuses on the University. The University's component unit, Western Illinois University Foundation (Foundation), issues separate financial statements that may be obtained at the Foundation's administrative office as summarized in Note 1.

Using the Financial Report

The University's annual report includes the following financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. In addition, fiduciary funds held by the University are required to be reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) which require that financial statements be presented on a consolidated basis to focus on the University as a whole.

The financial statements are prepared under the accrual basis of accounting. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are categorized as current (due within one year) and noncurrent (due in greater than one year). Current year revenues and expenses are recognized when earned or incurred, regardless of when cash is exchanged. Revenues and expenses are reported as either operating or nonoperating. Significant recurring sources of the University's revenues, including State appropriations, gifts and investment income, are nonoperating as defined by GASB. Scholarship discounts and allowances applied to student accounts are shown as a reduction of tuition and fee revenue and auxiliary enterprise revenue. Stipends and other payments made directly to students are presented as student aid expenses. Depreciation is considered an operating expense and capital assets are reported at cost less accumulated depreciation.

Financial Highlights

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, net position, is one indicator of the financial condition of the University, while the change in net position that occurs over time indicates improvement or deterioration in the University's financial condition. Non-financial factors such as enrollment levels and the condition of facilities are relevant when assessing the overall health of the

University. Net position is divided into three major categories, as follows: net investment in capital assets reflects the University's equity in capital assets; restricted net position is available for expenditure by the University, but must be spent for purposes as determined by law, donors and/or external entities that have placed time or purpose restrictions on the use of the assets; and unrestricted net position is available to the University for any lawful purpose of the University.

A summary of the condensed Statement of Net Position for the years ended June 30, 2021 and 2020 is as follows.

Condensed Statement of Net Position

	2021	2020
Assets		
Current assets	$ 58,932,566	$ 62,064,422
Capital assets, net of accumulated depreciation	185,561,721	194,077,102
Other assets	983,872	1,248,730
Total assets	245,478,159	257,390,254
Deferred outflow of resources	2,412,843	2,985,803
Liabilities		
Current liabilities	31,945,623	30,059,810
Noncurrent liabilities	70,035,335	78,770,352
Total liabilities	101,980,958	108,830,162
Deferred inflow of resources	2,478,955	3,721,665
Net position		
Net investment in capital assets	130,900,204	132,535,824
Restricted	23,605,099	27,980,625
Unrestricted	(11,074,214)	(12,692,219)
Total net position	$ 143,431,089	$ 147,824,230

A review of the University's Statement of Net Position at June 30, 2021 shows that the University's financial foundation remains strong with assets and deferred outflow of resources of $247.9 million and liabilities and deferred inflow of resources of $104.5 million. Net position, the difference between total assets and deferred outflow of resources and total liabilities and deferred inflow of resources, decreased by approximately $4.4 million or 3.0% over the previous year.

Total assets and deferred outflow of resources decreased $12.5 million or 4.8% during Fiscal Year 2021. Cash and cash equivalents decreased $1.6 million primarily due to a reduction in operating revenues as a result of decreased enrollment offset by an increase in salaries and benefits as well as an increase in special funding situation for pension and OPEB. Capital assets decreased $8.5 million due to depreciation expense of $13.8 million offset slightly by asset additions of $5.3 million.

Total liabilities and deferred inflow of resources decreased $8.1 million or 7.2% during Fiscal Year 2021. The decrease in liabilities and deferred inflow of resources is mostly due to scheduled debt payments and as well as a decrease in other post-employment benefits and an increase in unearned revenue as a result of a later start date for the summer session.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the University's changes in financial position. Revenues and expenses are classified as operating or nonoperating. A public University's dependency on State appropriations and gifts usually results in operating deficits because the GASB reporting standards classify these revenue sources as nonoperating.

A comparative summary of the condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2021 and 2020 is as follows:

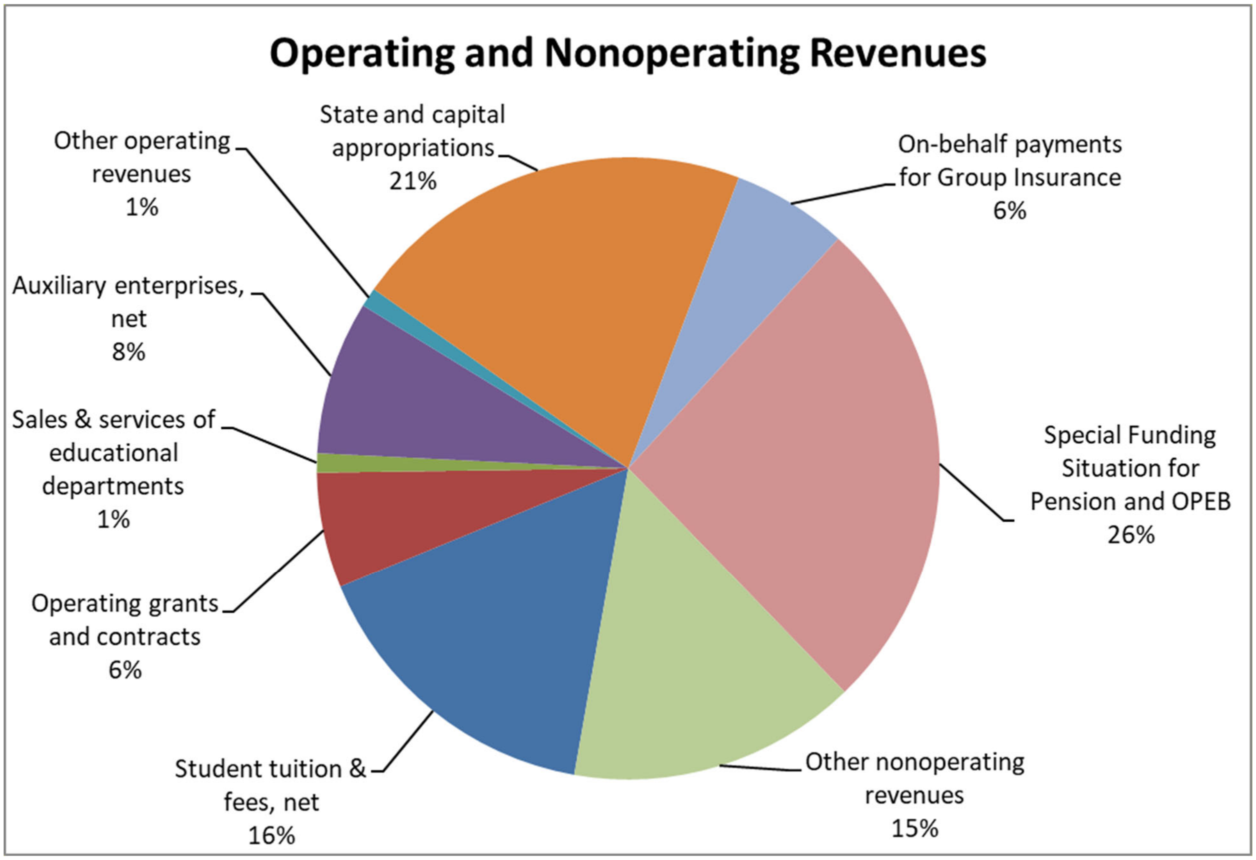
Condensed Statement of Revenues, Expenses and Changes in Net Position

	2021	2020
Total operating revenues	$ 81,942,307	$ 86,554,242
Total operating expenses	(257,765,831)	(222,229,580)
Operating loss	(175,823,524)	(135,675,338)
Nonoperating revenues	168,288,198	132,925,087
Nonoperating expenses	(1,979,995)	(2,892,696)
Loss before capital items	(9,515,321)	(5,642,947)
Capital state appropriations	2,583,419	1,800,531
Decrease in net position	(6,931,902)	(3,842,416)
Net position, beginning of year as previously reported	147,824,230	151,666,646
Prior period adjustments	2,538,761	-
Net position, end of year	$ 143,431,089	$ 147,824,230

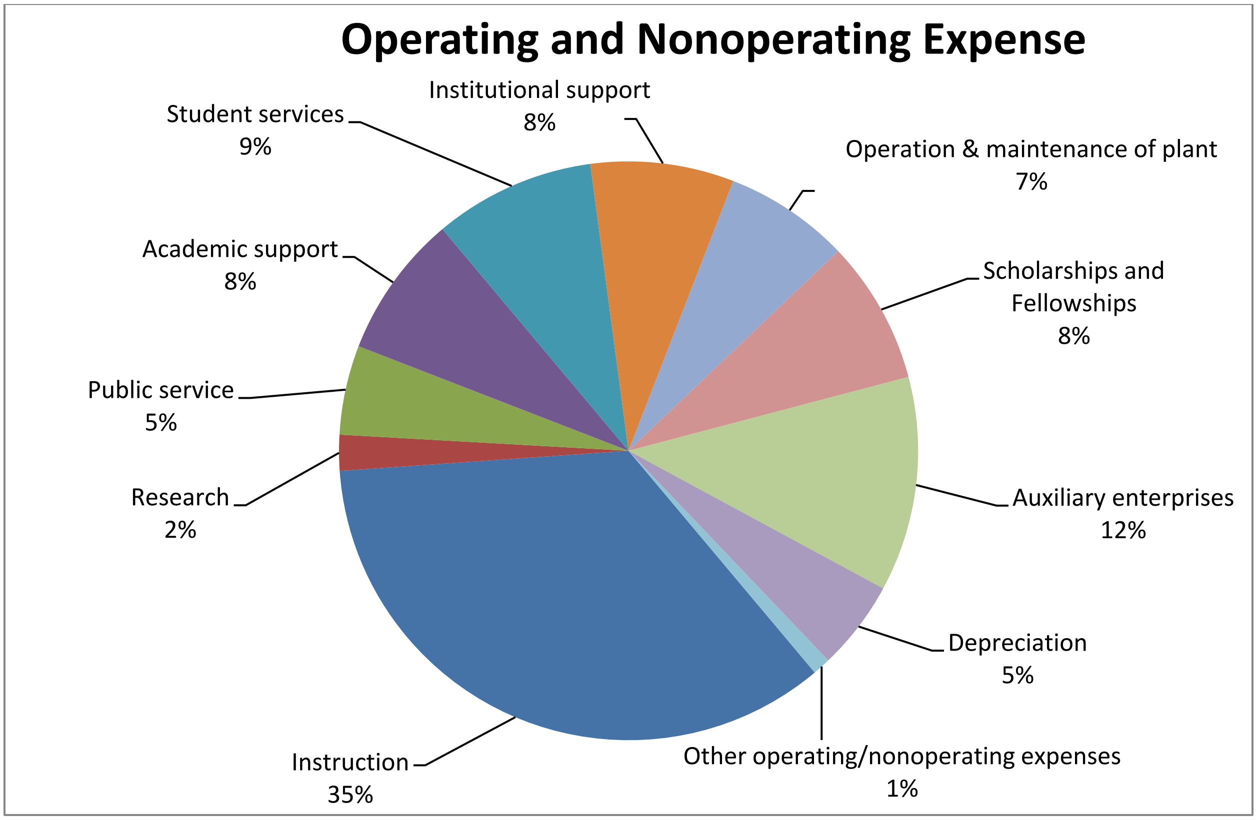
Total revenues increased $31.5 million or 14.3% to $252.8 million in 2021 primarily due to an increase in special funding situation for pension and OPEB of $26.6 million and on-behalf payments for group insurance of $4.1 million offset partly by a decrease in operating revenues. Total expenses increased by $34.6 million or 15.4% to $259.7 million in 2021. Total operating expenses increased by $35.5 million in 2021 primarily due to an increase in salaries and benefits of $28.5 million as well as an increase of $2.9 million in student aid mainly due to CARES funding.

During Fiscal Year 2021, an error correction impacting the State Employees Group Insurance Program's (SEGIP) cost-sharing proportionate share allocation that is used to record other post-employment benefits (OPEB) activity by public universities resulted in a restatement to beginning net position of $2,538,761, as shown above in the Condensed Statement of Revenues, Expenses and Changes in Net Position.

For the fiscal year ended June 30, 2021 all sources of revenues totaled $252.8 million. The following is a graphical illustration of revenues by source:



For the fiscal year ended June 30, 2021, expenses totaled $259.7 million. The following is a graphical illustration of expenses:



Statement of Cash Flows

The Statement of Cash Flows presents information related to the University's cash receipts and disbursements during the fiscal year. This provides an assessment of the University's ability to generate future cash flows and meet obligations as they come due.

A comparative summary of the condensed Statement of Cash Flows for the years ended June 30, 2021, and 2020 is as follows:

Condensed Statement of Cash Flows

	2021	2020
Cash provided by (used in):		
Operating activities	$ (78,613,466)	$ (68,263,665)
Noncapital financing activities	88,082,837	71,940,548
Capital and related financing activities	(11,198,827)	(11,566,781)
Investing activities	86,333	767,132
Net decrease in cash and cash equivalents	(1,643,123)	(7,122,766)
Cash and cash equivalents, beginning of year	40,737,746	47,860,512
Cash and cash equivalents, end of year	$ 39,094,623	$ 40,737,746

Major sources of funds included in operating activity are student tuition and fees, grants and contracts, and auxiliary enterprises. Payment for employee salaries and benefits, goods and services, and scholarships and fellowships continue to comprise the major use of operating funds.

Cash used in operating activities increased $10.3 million primarily due to a decrease in cash inflows from tuition and fees and room and board and an increase in payments for goods and services and scholarships and fellowships.

Cash inflows from noncapital financing activities consist primarily of State appropriations, Monetary Award Program awards, Pell grant revenues, and CARES Act awards received from the Higher Education Emergency Relief Fund. Cash provided by noncapital financing activities increased $16.1 million primarily due to an increase in cash inflows from State appropriations and nonoperating grants.

A decrease in capital assets acquired compared to the prior year contributed to the decrease of $368 thousand in cash used in capital and related financing activities.

Cash provided by investing activity decreased by $681 thousand from the prior year due to a decrease in earnings on investments.

Capital Assets and Debt Administration

The University had $510.2 million invested in capital assets at the end of Fiscal Year 2021. Capital assets net of accumulated depreciation totaled $185.6 million. Depreciation expense for the current year was $13.8 million.

There were no major construction projects during Fiscal Year 2021. For the year ended June 30, 2021 construction in progress included engineering and planning costs associated with a new performing arts center on the Macomb campus with a balance of $7.1 million.

Statement of Fiduciary Net Position

The Statement of Fiduciary Net Position presents the assets, liabilities, and fiduciary net position of custodial funds held by the University. Net position is restricted for individuals, organizations, and other entities outside of the University. These balances are not reported in the University's Statement of Net Position as these are not University assets.

A summary of the condensed Statement of Fiduciary Net Position for the fiscal year ended June 30, 2021 is as follows:

Condensed Statement of Fiduciary Net Position

		2021
Assets	$	394,245
Liabilities		75,213
Net Position	$	319,032

Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position presents the additions to and deductions from custodial funds held by the University. These activities are not reported in the University's Statement of Changes in Net Position as these are not University assets.

A summary of the condensed Statement of Changes in Fiduciary Net Position for the fiscal year ended June 30, 2021 is as follows:

Condensed Statement of Changes in Fiduciary Net Position

		2021
Additions	$	166,730
Deductions		134,583
Change in net position		32,147
Net position, beginning of year as previously reported		-
Prior period adjustment		286,885
Net position, end of year	$	319,032

University's Economic Outlook

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, State support and the cost of health care, utilities, employee compensation and benefits and State and federal mandates.

A crucial element to the University's future will continue to be our relationship with the State of Illinois, as we work to manage tuition to make it competitive while providing an outstanding college education for our students. There is a direct relationship between the growth or decline of State support, the impact of State regulations and the University's ability to control tuition growth. The trend of declining State support, the lack of capital investment, declining student financial assistance and the increase in regulations have and will continue to create more pressures on the cost of attendance.

State appropriations represent operating support provided by the Governor and General Assembly for University programs. A Fiscal Year 2022 budget of $49.6 million was passed into law by the General Assembly. This appropriation is level with Fiscal Year 2021 appropriations provided from the State of Illinois to Western Illinois University. However, this appropriation is approximately 3.6% lower than the Fiscal Year 2015 appropriation.

The University projects tuition and miscellaneous revenues to slightly decrease by approximately $0.9 million as compared with Fiscal Year 2021. In March of 2021, the Board of Trustees passed a resolution to increase the tuition rate for new undergraduate and graduate students by 4%. The University offers guaranteed tuition and fees, as well as guaranteed room and board rates for each new class of entering undergraduate students. The University's combined budget for income fund and State appropriations for Fiscal Year 2022 is $110.5 million. This is an increase of $4.0 million, or 3.8%, from Fiscal Year 2021 and takes into account the spending of one-time federal Higher Education Emergency Relief Funds.

The University's Auxiliary Enterprises funds budget for Fiscal Year 2022, as approved by the Board of Trustees, reflects a level slightly higher than Fiscal Year 2021 of approximately $0.6 million. Other institutional funds include revenues from sponsored projects and departmental activity revenues. The Fiscal Year 2022 budget for these funds as approved by the Board of Trustees reflects level spending compared to Fiscal Year 2021.

Private gifts are an important supplement to the University's sources of funding for operating costs. In Fiscal Year 2021, alumni, friends, staff, corporations, and other organizations contributed nearly $5.1 million to the Foundation in support of the University. These contributions include gifts and additions to permanent endowments. The Foundation distributed nearly $6 million in Fiscal Year 2021 to support academic enhancement and instructional initiatives, student scholarships, capital improvements, cultural activities, athletics, regional outreach efforts, and alumni and Foundation-sponsored programs at Western Illinois University.

Fiscal Year 2021 continued to be highly impacted by the COVID-19 pandemic. The University closed in March 2020 and opened for minimal staff early in Fiscal Year 2021. The University spent the summer getting the campus ready to re-open for fall classes, albeit in a hybrid environment, by installing plexiglass barriers, spacing classroom desks, sanitizing residence halls and installing many hands sanitizing stations. Vaccine and testing clinics as well as quarantine and isolation centers were set up as some faculty, staff and students returned in the fall. The substantial changes to the delivery of student and administrative services and the physical management of campus were hard hit. The crisis continued to present a large financial burden to the University. While the University and students received some relief from additional Higher Education Emergency Relief Fund (HEERF) grants from the US Department of Education, these were not sufficient to meet the increased financial demands. The University shouldered a financial burden while trying to normalize activities in addition to the disruption of personnel resources in efforts to provide services.

Despite the ongoing COVID-19 pandemic the campus fully opened for staff in July 2021 and for instruction for the Fall 21 semester. While vaccines are now available there will still be the burden of additional costs which include testing supplies, additional staffing, and continued change in instructional and service deliveries during Fiscal Year 22. This is and will continue to generate the need to align budget to meet these new expenditures. The total expense to the University continues to rise and the full cost will not be known until the pandemic is under control.

The University is committed to pursuing its goal of increasing enrollment across both campuses while strategically adding, and when appropriate, eliminating programs. Cost containment and revenue initiatives are the challenges the University continues to encounter. Management has historically made the necessary decisions to ensure the strength of the University.

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	University	Component Unit
ASSETS		
Current assets:		
Cash and cash equivalents	$ 17,474,756	$ 1,643,883
Cash and cash equivalents, restricted	21,619,867	-
Investments	-	2,912,107
Accounts receivable, net	12,902,826	689,180
Accounts receivable, net, restricted	2,626,673	-
Student loans receivable, net	293,203	-
Due from component unit	183,444	-
Due from component unit, restricted	2,880	-
Due from primary government	1,315,258	-
Inventories	1,054,888	-
Inventories, restricted	809,369	-
Prepaid expenses and other assets	583,058	132,674
Prepaid expenses and other assets, restricted	66,344	-
Total current assets	58,932,566	5,377,844
Noncurrent assets:		
Investments	-	3,462,486
Endowment investments	-	6,910,317
Endowment investments, restricted	-	77,405,964
Charitable remainder trusts, restricted	-	5,084,526
Accounts receivable, net	-	215,643
Student loans receivable, net	306,701	49,588
Capital assets, net of accumulated depreciation	185,561,721	1,228,445
Other assets	14,627	509,078
Other assets, restricted	662,544	-
Total noncurrent assets	186,545,593	94,866,047
TOTAL ASSETS	245,478,159	100,243,891
DEFERRED OUTFLOW OF RESOURCES		
Unamortized losses on debt refunding	424,959	-
Pension	358,564	-
Other Post-Employment Benefits	1,629,320	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	2,412,843	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	3,216,388	117,481
Accrued payroll	11,845,829	-
Due to primary government	75,040	186,324
Unearned revenue	6,450,170	347,974
Other liabilities	1,404,003	57,913
Notes payable	-	63,482
Capital leases payable	39,366	-
Revenue bonds payable	4,934,471	-
Certificates of participation	2,138,557	-
Compensated absences	1,448,332	-
Other Post-Employment Benefits	393,467	-
Total current liabilities	31,945,623	773,174
Noncurrent liabilities:		
Notes payable	-	562,133
Capital leases payable	3,473	-
Revenue bonds payable	37,299,651	-
Certificates of participation	10,670,957	-
Other liabilities	-	245,417
Compensated absences	6,346,774	-
Other Post-Employment Benefits	15,714,480	-
Total noncurrent liabilities	70,035,335	807,550
TOTAL LIABILITIES	101,980,958	1,580,724
DEFERRED INFLOW OF RESOURCES		
Other Post-Employment Benefits	2,478,955	-
TOTAL DEFERRED INFLOW OF RESOURCES	2,478,955	-
NET POSITION		
Net investment in capital assets	130,900,204	602,830
Restricted - nonexpendable	-	37,781,667
Restricted - expendable	23,605,099	51,827,391
Unrestricted	(11,074,214)	8,451,279
TOTAL NET POSITION	$ 143,431,089	$ 98,663,167

See accompanying notes to the basic financial statements

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	University	Component Unit
OPERATING REVENUES		
Tuition and fees, net	$ 40,411,945	$ -
Grants and contracts	16,122,078	-
Sales and services of educational departments	2,467,081	-
Auxiliary enterprises, net	19,970,472	-
Student loan activities	54,277	-
Other operating revenues	2,916,454	4,422,667
Total operating revenues	81,942,307	4,422,667
OPERATING EXPENSES		
Instruction	88,720,740	794,126
Research	6,377,428	50,282
Public service	14,098,066	1,208,251
Academic support	20,000,144	112,356
Student services	23,700,521	270,002
Institutional support	20,590,727	712,578
Operation and maintenance of plant	18,549,554	233,937
Scholarships and Fellowships	20,035,218	2,610,552
Auxiliary enterprises	31,865,483	-
Depreciation	13,827,950	1,253
Total operating expenses	257,765,831	5,993,337
OPERATING LOSS	(175,823,524)	(1,570,670)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	49,598,000	-
On-behalf payments for Group Insurance	15,543,427	-
Special Funding Situation for Pension and OPEB	66,449,380	-
Gifts	688,727	-
Nonoperating grants	35,919,191	-
Gain (loss) on disposal of capital assets	3,140	-
Investment income (loss)	86,333	19,715,162
Interest on capital asset - related debt	(1,564,514)	(23,028)
Change in value of charitable remainder trusts	-	702,301
Change in value of land held for investment	-	513,573
Other nonoperating revenues (expenses)	(415,481)	474,364
Net nonoperating revenues	166,308,203	21,382,372
INCOME (LOSS) BEFORE CAPITAL ITEMS	(9,515,321)	19,811,702
Capital State appropriations	2,583,419	-
Additions to permanent endowments	-	984,335
Total capital items	2,583,419	984,335
INCREASE (DECREASE) IN NET POSITION	(6,931,902)	20,796,037
NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	147,824,230	77,867,130
PRIOR PERIOD ADJUSTMENTS	2,538,761	-
NET POSITION, BEGINNING OF YEAR AS RESTATED	150,362,991	77,867,130
NET POSITION, END OF YEAR	$ 143,431,089	$ 98,663,167

See accompanying notes to the basic financial statements

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

	University	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees, net	$ 40,781,159	$ -
Grants and contracts	18,601,139	-
Gifts for other than capital and endowment purposes	-	4,046,792
Payments for employee salaries and benefits	(100,076,825)	-
Payments for goods and services	(41,247,476)	(2,929,303)
Payments to annuitants	-	(53,436)
Payments for scholarships and fellowships	(20,022,757)	(2,610,552)
Student loans issued	(5,812)	-
Student loans collected	211,578	-
Student loans interest and fees collected	54,278	-
Auxiliary enterprises charges	18,948,023	-
Sales and services of educational departments	1,226,774	-
Other receipts	2,916,453	332,608
Net cash used in operating activities	(78,613,466)	(1,213,891)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	57,723,192	-
Gifts	456,255	984,335
Nonoperating grants	30,612,015	-
Nonoperating revenues, net	(708,625)	721,816
Cash provided by noncapital financing activities	88,082,837	1,706,151
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(2,691,543)	(496,625)
Principal paid on capital debt	(6,095,398)	-
Interest paid on capital debt	(2,411,886)	(23,028)
Proceeds from issuance of note payable	-	505,750
Payments made on note payable	-	(21,024)
Net cash used in capital and related financing activities	(11,198,827)	(34,927)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	-	14,839,728
Earnings on investments	86,333	3,505,074
Purchase of investments	-	(18,930,269)
Net cash provided by (used in) investing activities	86,333	(585,467)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,643,123)	(128,134)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	40,737,746	1,772,017
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 39,094,623	$ 1,643,883

See accompanying notes to the basic financial statements

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

	University	Component Unit
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (175,823,524)	$ (1,570,670)
Adjustments to reconcile operating loss to net cash used in operating activities:		
On-behalf and special funding situation payments	81,992,807	-
Depreciation	13,827,950	1,253
Amortization	72,845	-
Actuarial adjustment to annuities payable	-	33,514
Changes in assets, deferred outflows and liabilities:		
Receivables, net	(954,914)	440,620
Student loans receivables, net	218,222	-
Inventories	94,441	65,223
Prepaid expenses and other assets	(543,814)	(43,251)
Pension	83,367	-
Deferred outflows - OPEB	365,972	-
Accounts payable and accrued liabilities	1,496,913	18,860
Accrued payroll	(303,694)	-
Due to primary government, net	-	66,609
Unearned revenue	1,618,334	-
Other liabilities	(210,849)	(226,049)
Compensated absences	(279,180)	-
OPEB liabilities and deferred inflows	(268,342)	-
Net cash used in operating activities	$ (78,613,466)	$ (1,213,891)
NONCASH OPERATING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING ACTIVITIES		
On-behalf and special funding situation payments	81,992,807	-
Capital asset acquisition via capital appropriations	2,583,419	-
Capital asset acquisition via support from Foundation	232,472	-
Capital asset changes in accounts payable	198,006	-
Gifts in kind	-	323,061
Gain on disposal of capital assets	3,140	-

See accompanying notes to the basic financial statements

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Funds				
	Student Organizations	Faculty & Staff Organizations	Professional Organizations	Miscellaneous	Total Other Custodial Funds
ASSETS					
Cash	$ 8,328	$ 1,075	$ 207,374	$ 177,468	$ 394,245
TOTAL ASSETS	8,328	1,075	207,374	177,468	394,245
LIABILITIES					
Accounts payable	-	-	-	113	113
Due to other governments	-	-	-	75,100	75,100
TOTAL LIABILITIES	-	-	-	75,213	75,213
NET POSITION					
Restricted for:					
Individuals, organizations, other governments	8,328	1,075	207,374	102,255	319,032
TOTAL NET POSITION	$ 8,328	$ 1,075	$ 207,374	$ 102,255	$ 319,032

See accompanying notes to the basic financial statements

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Funds				
	Student Organizations	Faculty & Staff Organizations	Professional Organizations	Miscellaneous	Total Other Custodial Funds
ADDITIONS					
Sales	$ -	$ -	$ 150	$ -	$ 150
Program & Registration Charges	120	-	-	-	120
Memberships	-	-	164,825	300	165,125
Other Services	-	-	1,200	-	1,200
Other Income	135	-	-	-	135
Total Additions	255	-	166,175	300	166,730
DEDUCTIONS					
Commodities	-	482	574	-	1,056
Contractual Services	-	69	125,966	15	126,050
Miscellaneous	-	-	7,273	204	7,477
Total Deductions	-	551	133,813	219	134,583
CHANGE IN NET POSITION	255	(551)	32,362	81	32,147
NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	-	-	-	-	-
PRIOR PERIOD ADJUSTMENT	8,073	1,626	175,012	102,174	286,885
NET POSITION, BEGINNING OF YEAR, AS RESTATED	8,073	1,626	175,012	102,174	286,885
NET POSITION, END OF YEAR	$ 8,328	$ 1,075	$ 207,374	$ 102,255	$ 319,032

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Western Illinois University (University), a component unit of the State of Illinois (State), with a primary focus on instruction and an additional commitment to research and public service, has campuses located in Macomb and Moline, Illinois. The governing body of the University is the Board of Trustees of Western Illinois University (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University and its discretely presented component unit, the Western Illinois University Foundation (Foundation). The Foundation is a legally separate, tax-exempt component unit included in the University's reporting entity because of the significance of its financial relationship with the University. Complete financial statements for the Foundation may be obtained by contacting the Foundation located at 1 University Circle, Macomb, IL 61455-1390.

The Foundation is a University-related organization as defined under *University Guidelines* adopted by the State of Illinois Legislative Audit Commission in 1982 as amended in 1997. The Foundation was formed for the purpose of providing fundraising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. In this capacity, the Foundation solicits, receives, holds and administers gifts for the benefit of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources and income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors.

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

Basis of Accounting and Presentation

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Business-type activities are those financed in whole or in part by fees charged to external parties for goods and services. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The Foundation is a private nonprofit organization that reports under accounting standards promulgated by the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and other accounting rules are different from the revenue recognition criteria and accounting rules promulgated by the Governmental Accounting Standards Board (GASB) that the University follows. Beginning in Fiscal Year 2018, the Foundation follows Financial Accounting Standards Board (FASB) standards for financial statement presentation. Consequently, reclassifications have been made to convert their statements to the GASB format for inclusion in the Component Unit column of the financial statements and disclosures. Except for reclassifying the Foundation's FASB presentation into the University's GASB presentation, no modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The University deferred outflows of resources include a loss on refunding of bonds payable of $213,943 and a loss on refunding of Certificates of Participation payable of $211,016 at June 30, 2021. The loss on refunding resulted from the difference between the reacquisition price and the net carrying amount of the old debt. Total amortization included in interest on capital asset related debt for the year ended June 30, 2021 was $108,627. Also included in deferred outflows of resources is a net pension liability of $358,564 (see Note 12 for more information) at June 30, 2021 and an OPEB liability of $1,629,320 (see Note 13 for more information) at June 30, 2021.

Use of Estimates

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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Restricted Assets

The University's Auxiliary Facilities System (System) is a "closed system" in accordance with revenue bond covenants where resources within the System are unavailable for use by the University outside of the System and therefore are classified as restricted assets on the statement of net position. The System's restricted assets consist of cash and cash equivalents, accounts receivable, due from component unit, inventories, and other assets.

Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2021, cash equivalents consisted primarily of money market and similar funds. Included in restricted cash and cash equivalents is unspent loan funds.

Investments

The University accounts for its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease in investment assets and investment income.

Illinois statutes and Board policy authorize the University to invest in certificates of deposit, The Illinois Funds, United States Government Securities, securities guaranteed by the full faith and credit of the United States government, and any other security permitted by law and approved by the Board.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, amounts receivable from funding agencies for grants, amounts receivable from third parties and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable is presented net of estimated uncollectible amounts.

Bonds and Certificates of Participation Issue Costs

The insurance premium on the bonds and certificates of participation issue costs incurred on the revenue bonds and certificates of participation are being amortized over the life of the bonds/certificates of participation using the straight-line method. Total amortization for the year ended June 30, 2021 was $72,845.

Student Loans Receivable

The University makes loans to students under various federal and other loan programs. Such loans receivable is presented net of estimated uncollectible amounts.

Inventories

Inventories are carried at the lower of cost (determined by first-in, first-out or average cost method, depending on the nature of the inventory item) or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The University's capitalization policy for capital assets is as follows: equipment - $5,000 or greater; land or buildings - $100,000 or greater; and site, infrastructure, or building improvements - $25,000 or greater. Intangible assets which are purchased are capitalized at $100,000 or greater. Internally-generated intangible assets which are primarily software are capitalized at $1,000,000 or greater. Renovations to buildings and land improvements that increase the value or extend the useful life are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the class of assets.

The following estimated useful lives are being used by the University:

Site improvements	25 years
Buildings	60 years
Building improvements	20 years
Computer equipment	3 years
Trucks greater than 1 ton	12 years
Capital lease equipment	Life of lease
All other equipment	7 years

University capital assets financed by the State of Illinois Capital Development Board (CDB) are recorded by the University as the funds are expended by the CDB.

Unearned Revenue

Unearned revenue represents unearned student tuition and fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the Statement of Net Position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Net Position

The University's net position is classified as follows:

Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets and deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

Restricted net position - nonexpendable – represents endowed funds where the donors have stipulated, as a condition of the gift instrument, that the principal be maintained in perpetuity and invested for the purpose of producing income, which may either be expended or added to the principal.

Restricted net position - expendable – net position subject to externally imposed restrictions that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted – net position not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board of Trustees.

On-behalf Payments for Group Insurance

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

Substantially all active employees participate in group insurance plans provided by the State and administered by the Department of Central Management Services (CMS), primary providing healthcare benefits. In order to fund the State Employee's Group Insurance Program's (SEGIP) pay-as-you-go obligations for both current employees and retirees, the State Employees Group Insurance Act of 1971 (SEGIA) (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund or university component unit, except the university component units shall not be required to make contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

During the year ended June 30, 2021, total estimated group insurance contributions for the University's employees paid from the University's Income Fund and auxiliary enterprises were $16,815,132. The University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of $1,271,705 to help offset the amount the State needed to provide for current employees under the situation described in the preceding paragraph. As such, the State contributed the estimated remaining balance of $15,543,427 on-behalf of the University to meet this obligation for current employees. As the University is not legally responsible to pay for the on-behalf support provided by the State, the University recognizes non-operating revenues and operating expenses allocated to the related function performed by the employees within the University's financial statements for its current employees' participation in group insurance.

Pensions

For the purpose of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) 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.

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

Other Postemployment Benefits (OPEB)

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

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

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

Special Funding Situation Portion of OPEB

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

During the OPEB measurement period ended June 30, 2020, the University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of $868,443 to help offset the amount the State needed to provide for retirees under the special funding situation described in the preceding paragraph.

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

University's Portion of OPEB

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

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

Classification of Revenues

The University has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most federal, State and local grants and contracts except for certain student financial aid classified as nonoperating revenues, and (4) interest on student loans.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, such as State appropriations, Pell grants, and investment income, that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The State of Illinois General Revenue Fund appropriations are reported as nonoperating revenues to the extent that they are expended during the current fiscal year. The University relies on these appropriations to provide funding for operations.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, State or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

The scholarship allowances on tuition and fees and housing for the year ended June 30, 2021 were $19,995,824 and $5,276,744, respectively.

Collections

The University has collections of rare manuscripts and art that it does not depreciate. These collections adhere to the University's policy to (a) maintain them for public exhibition, education or research, (b) protect, keep unencumbered, care for and preserve them, and (c) require proceeds from their sale to be used to acquire other collection items.

Endowments

On June 30, 2009, the Illinois Governor signed the Uniform Prudent Management of Institutional Funds Act (UPMIFA) into law. UPMIFA replaced the Uniform Management of Institutional Funds Act and eliminates the historic dollar value rule with respect to endowment fund spending. UPMIFA also updated the prudence standard for the management and investment of charitable funds. The Foundation Board utilizes UPMIFA's provisions in spending decisions regarding the Foundation's endowment funds.

For donor restricted endowments, UPMIFA permits the Board of Directors of the Foundation to appropriate an amount of donor restricted endowments. The Board of Directors has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. A similar strategy has been implemented for Foundation designated endowments.

For both donor restricted endowments and Foundation designated endowments, it is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 4.25% for endowment purposes and 1.50% for operational purposes, of a 36-month moving average of endowment market value, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. The Foundation's policy is to retain the endowments' unrealized appreciation with the endowment (either donor restricted or Foundation designated) after spending rule distributions. As of June 30, 2021, the Foundation had a total of $33,312,351 of net cumulative appreciation from investment of donor-restricted endowments and Foundation designated endowments available for expenditure. This amount is allocated between expendable restricted net position and unrestricted net position in the Statement of Net Position based on the classification of the underlying asset upon which the income was earned.

Split-Interest Agreements

The Foundation's split-interest agreements with donors consist of irrevocable charitable remainder trusts and irrevocable charitable trusts for which the Foundation is a beneficiary. The fair value of the trust assets are reported in the Statement of Net Position and changes in the fair value of the assets are recognized in the Statement of Revenues, Expenses, and Changes in Net Position. It is management's intent to record the contribution income from these agreements in the fiscal year the Foundation becomes the irrevocable beneficiary. The Foundation did not receive any new contribution income during Fiscal Year 2021. Any outstanding liabilities relating to the annual distributions required by the trust agreements are recorded in the Statement of Net Position.

Taxes

As a State institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code and a similar provision of state law. However, some activities may be subject to taxation as unrelated business income under the Internal Revenue Code and certain activities are subject to State sales tax. No provision has been made for income taxes in the accompanying statements, as the University had no significant unrelated business income during the year.

The U.S. Treasury Department issued a determination letter dated January of 1948 that the Foundation is exempt from Federal income taxes under what is now Section 501 (c)(3) of the Internal Revenue Code.

Deferred Inflow of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until then. See Note 13 for additional information.

Fiduciary Funds

The University acts as a fiduciary for the custodial funds meeting the criteria under GASB 84 to be classified as a fiduciary activity. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. For Western Illinois University, this includes various student, professional, and faculty and staff organizations in which the University has no administrative or financial involvement and is also not the beneficiary of these funds. These fiduciary fund activities and balances are excluded from the University's financial statements because these assets are restricted in purpose and do not represent assets of the University.

NOTE 2 – DEPOSITS

University

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Illinois; bonds of any city, county, school district or special road district of the State of Illinois; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2021, the book balance of various University bank accounts and certificates of deposit was $164,114, while the bank balance was $215,390. The difference between these amounts represents deposits in transit and a transfer to a money market account in transit as of June 30, 2021. In addition, the University had cash on hand in various petty cash and change funds in the amount of $57,387 as of June 30, 2021.

Foundation

At June 30, 2021, the book balance of the Foundation's various bank accounts was $1,643,883, while the bank balance was $1,713,695. The difference between these amounts primarily represents checks that have been issued, but have not yet cleared the bank, and deposits in transit as of June 30, 2021.

Reconciliation of cash and cash equivalents to deposits:

	University	Foundation
Cash and cash equivalents	$ 17,474,756	$ 1,643,883
Cash and cash equivalents, restricted	21,619,867	-
Less: Money market funds classified as cash and cash equivalents	(38,873,122)	-
Cash on hand	(57,387)	-
Carrying amount of deposits	$ 164,114	$ 1,643,883

NOTE 3 - INVESTMENTS

University

As of June 30, 2021, the University held investments in the Illinois Funds Investment Pool of $583,359 which are classified as cash and cash equivalents on the University's Statement of Net Position. The Illinois Funds is an external investment pool administered by the State Treasurer. The fair value of the University's investment fund is the same as the value of pool shares and the investments are reported by the State Treasurer at amortized cost. The fund is administered in accordance with the provisions of the Public Funds Investment Act (30 ILCS 235). The Illinois Funds is rated AAAmmf by Fitch.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution's failure, a government's deposits, investments or collateral securities that are in the possession of an outside party may not be returned to it. The University's policy for custodial credit risk requires compliance with the provisions of State law.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's investment policy limits maturity of its investments to five years or less from the date of purchase.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations.

The University's policy limits its investments to the Illinois Funds investment pool, United States Treasury bills, United States Treasury notes, United States Treasury bonds, Federal Farm Credit Banks bonds, Federal Home Loan Banks notes, Federal National Mortgage Association, Federal Land Bank bonds, Government National Mortgage Association, and Federal Home Loan Mortgage Corporation.

Foundation

At June 30, 2021, the Foundation held investments with the following maturities:

		Maturities in Years			
Type	Total	Less Than One Year or No Maturity	1-5 Years	6-10 Years	Over 10 Years
Cash equivalents held in investment accounts	$ 3,459,084	$ 3,459,084	$ -	$ -	$ -
U.S. agency obligations (FHLM, FNMA)	2,755,825	-	1,513,482	1,071,971	170,372
Corporate debt securities	5,864,404	1,222,795	3,299,263	1,293,514	48,832
International equity securities	19,746,302	19,746,302	-	-	-
Mutual funds, domestic equity	27,665,627	27,665,627	-	-	-
Real assets funds	2,295,384	-	658,374	1,340,438	296,572
Private equity funds	15,748,905	-	7,637,337	7,094,973	1,016,595
Absolute return (hedge funds)	8,349,537	8,349,537	-	-	-
Real Estate (farm land)	4,805,806	-	-	-	4,805,806
Total investments	$ 90,690,874	$ 60,443,345	$13,108,456	$ 10,800,896	$ 6,338,177

The Foundation adheres to the total return concept of investment management. Total return is defined as the aggregate sum of current income and changes in the market value of the assets under management.

Custodial Credit Risk

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the Foundation would not be able to recover the value of deposits, investments, or collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation insured account balances of $1,713,695 as of June 30, 2021.

Concentration Risk

Concentration risk exists when a significant portion of the portfolio is invested in items with similar characteristics or subject to similar economic, political, or other conditions. As of June 30, 2021, the Foundation has two single issuer investments that each represents over 5% of the total assets of the Foundation. Foundation management believes these concentration risks represented below are not excessive when considering the overall diversification of the entire investment portfolio.

The following issuers hold more than 5% of total Foundation assets as of June 30, 2021:

Vanguard Total Stock Market Index	$ 21,252,158	21.5%
Mercer Hedge Fund Investors SPC	8,349,537	8.4%

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's value. The Foundation does not have a policy that specifically addresses interest rate risk. The Foundation had the following assets, at fair values, exposed to interest rate risk at June 30, 2021:

Cash equivalents held in investment accounts	$ 3,459,084
U.S. agency obligations (FHLM, FNMA)	2,755,825
Corporate debt securities	5,864,404
Sub-total investments	12,079,313
Demand Deposit Interest Bearing Funds	1,643,883
Total asset subject to interest rate risk	$ 13,723,196

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. Credit quality ratings are not required for U.S. government securities that are explicitly guaranteed by the U.S. government.

-

At June 30, 2021, the Foundation had the following investments and their ratings:

Credit Rating per Standard and Poor's

	Total Fair Value	U.S. Agency Obligations (FHLM, FNMA)	Corporate Debt Securities
AA+	$ 1,513,482	$ 1,513,482	$ -
A	355,745	-	355,745
A+	256,093	-	256,093
A-	763,196	-	763,196
BBB+	511,601	-	511,601
Not Rated	5,220,112	1,242,343	3,977,769
	$ 8,620,229	$ 2,755,825	$ 5,864,404

Credit Rating per Moody's

	Total Fair Value	U.S. Agency Obligations (FHLM, FNMA)	Corporate Debt Securities
Aaa	$ 1,513,482	$ 1,513,482	$ -
A1	256,093	-	256,093
A2	1,116,104	-	1,116,104
A3	262,835	-	262,835
Baa1	251,603	-	251,603
Baa2	20,638	-	20,638
Not Rated	5,199,474	1,242,343	3,957,131
	$ 8,620,229	$ 2,755,825	$ 5,864,404

Fair Value Measurements

The Foundation measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1 - Quoted prices for identical investments in active markets
Level 2 - Observable inputs other than quoted market prices
Level 3 - Unobservable inputs

At June 30, 2021, the Foundation had the following recurring fair value measurements:

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Debt securities				
U.S. agency obligations				
(FHLM, FNMA)	$ 2,755,825	$ -	$ 2,755,825	$ -
Corporate debt securities	5,864,404	-	5,864,404	-
Total debt securities	8,620,229	-	8,620,229	-
Equity securities				
International equity securities	19,746,302	19,746,302		
Mutual funds, domestic equity	27,665,627	27,665,627	-	-
Total equity securities	47,411,929	47,411,929	-	-
Real estate (farm land)	4,805,806	-	4,805,806	-
Charitable remainder trusts	5,084,526	-	-	5,084,526
Total investments by fair value level	65,922,490	$ 47,411,929	$ 13,426,035	$ 5,084,526
Investments measured at net asset value				
Real assets funds	2,295,384			
Private equity funds	15,748,905			
Absolute return (hedge funds)	8,349,537			
Total other	26,393,826			
Total	92,316,316			
Plus cash equivalents held in				
investment pools	3,459,084			
Less charitable remainder trusts	(5,084,526)			
Total investments	$ 90,690,874			

Debt and equity securities and real estate exchange traded funds classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using quoted prices for identical securities in markets that are not active, quoted prices for similar securities in active markets, and matrix pricing based on the securities' relationship to benchmark quoted prices. Real estate classified in Level 2 is valued using recent appraisals and similar processes of comparable real estate properties. Charitable remainder trusts classified in Level 3 are valued at the present value of the estimated future cash receipts from the trust assets. Such present values are generally assumed to be the fair market value of the percentage interest of the underlying assets of the trust.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The following provides additional information related to investments measured at NAV as of June 30, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real assets funds	$ 2,295,384	$ 1,626,379	-	-
Private equity funds	15,748,905	7,344,338	-	-
Absolute return (hedge funds)	8,349,537	-	Quarterly	100 Days
Total	$ 26,393,826	$ 8,970,717		

Real asset funds – This type includes seven real asset funds that invest in global real estate, natural resources, and infrastructure. The fair values of the investments in this type have been determined using the NAV per share (or is equivalent) of the Foundation's ownership interest in partners' capital. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. These investments can never be redeemed with the funds, with the exception of Prudential Real Estate Investors. Distribution from each fund will be received as underlying assets of the funds are liquidated. Each fund is expected to have an approximate ten-year life.

Private equity funds – This type includes ten private equity funds that invest in global buyouts, venture capital, special situations, and secondaries and co-investments. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Foundation's ownership interest in partners' capital. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. These investments can never be redeemed with the funds. Distributions from each fund will be received as underlying assets of the funds are liquidated. Each fund is expected to have an approximate ten-year life.

Absolute return (hedge funds) – This type includes one hedge fund that pursues multiple strategies to diversify risks and reduce volatility. The strategy mix includes investments in long/short equity, long/short credit, relative value arbitrage, merger arbitrage, convertible arbitrage, capital structure arbitrage, fixed income arbitrage, short credit, distressed debt, global macro, special situations, and private investments. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. This type allows for quarterly redemptions with 100 days' notice.

Summary of Carrying Values

The carrying values of cash and cash equivalents shown on previous pages are included in the Statement of Net Position as follows:

	University	Foundation
Cash and cash equivalents	$ 17,474,756	$ 1,643,883
Cash and cash equivalents, restricted	21,619,867	-
Total	$ 39,094,623	$ 1,643,883

The carrying values of investments shown on previous pages are included in the Statement of Net Position as follows:

	University	Foundation
Current:		
Investments	$ -	$ 2,912,107
Noncurrent:		
Endowment Investments	-	6,910,317
Endowment Investments, restricted	-	77,405,964
Investments	-	3,462,486
Total Noncurrent	$ -	$ 87,778,767
Total investments	$ -	$ 90,690,874

Investment income for the year ended June 30, 2021 consisted of:

	University	Foundation
Interest, dividends, realized gains and market value changes	$ 86,333	$ 20,228,735

NOTE 4 - ACCOUNTS AND STUDENT LOANS RECEIVABLE

Accounts receivable are reported net of allowances for uncollectible accounts. Accounts receivable consisted of the following as of June 30, 2021:

Receivable from students	$ 10,193,984
Receivable from third parties	7,639,240
Receivable from funding agencies	3,057,075
Total gross receivables	20,890,299
Allowance for doubtful accounts	(5,360,800)
Total net receivables	$ 15,529,499

Student loans receivable totaling $1,196,204 is reported net of allowance for uncollectible loans of $596,300 at June 30, 2021.

NOTE 5 - CAPITAL ASSETS

Capital asset activities for the University for the year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2021
Non-depreciable capital assets:					
Land and land improvements	$ 3,603,000	$ -	$ -	$ -	$ 3,603,000
Works of art and historical treasures	653,430	6,000	-	-	659,430
Construction in progress	6,854,238	3,310,739	-	(117,645)	10,047,332
Total non-depreciable capital assets	11,110,668	3,316,739	-	(117,645)	14,309,762
Depreciable capital assets					
Site improvements	47,261,415	8,765	-	-	47,270,180
Buildings and building improvements	367,271,604	54,490	-	93,768	367,419,862
Equipment	79,644,964	1,948,016	(566,393)	23,877	81,050,464
Capital lease equipment	174,457	-	-	-	174,457
Total depreciable capital assets	494,352,440	2,011,271	(566,393)	117,645	495,914,963
Less accumulated depreciation:					
Site improvements	28,176,316	1,526,809	-	-	29,703,125
Buildings and building improvements	208,068,032	10,777,606	-	-	218,845,638
Equipment	75,028,261	1,488,644	(550,952)	-	75,965,953
Capital lease equipment	113,397	34,891	-	-	148,288
Total accumulated depreciation	311,386,006	13,827,950	(550,952)	-	324,663,004
Total depreciable capital assets, net	182,966,434	(11,816,679)	(15,441)	117,645	171,251,959
Capital assets, net	$ 194,077,102	$ (8,499,941)	$ (15,441)	$ -	$ 185,561,721

The University added $283,367 to construction in progress for costs incurred related to the design and implementation of a new internally developed ERP system.

Three residential buildings with a combined net book value of $4,578,741 at June 30, 2021 were taken offline in August 2019. These buildings are being maintained and utilized for alternate housing needs with COVID, with the intent that they will be occupied as residential units in the future.

Capital asset activities for the Foundation for the year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2021
Land and land improvements	$ 658,304	$ 496,625	$ -	$ -	$ 1,154,929
Building	75,187	-	-	-	75,187
Accumulated depreciation - building	(418)	(1,253)	-	-	(1,671)
	$ 733,073	$ 495,372	$ -	$ -	$ 1,228,445

NOTE 6 - UNEARNED REVENUE

Unearned revenues consist of the following as of June 30, 2021:

Tuition and fees	$ 2,799,596
Grants and contracts	3,332,505
Sales and services of educational departments	40,919
Auxiliary enterprises	277,150
Total	$ 6,450,170

NOTE 7 - CAPITAL LEASES PAYABLE

The University leases equipment under capital lease purchase contracts with an imputed rate of 10.67%. The capital leases payable are secured by the equipment being financed. The scheduled maturities of the capital leases are as follows:

	Principal	Interest	Total Payments
2022	$ 39,366	$ 2,683	$ 42,049
2023	3,473	31	3,504
Total	$ 42,839	$ 2,714	$ 45,553

NOTE 8 - REVENUE BONDS PAYABLE

General

At June 30, 2021, revenue bonds payable consists of Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2020 and Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2016.

Series 2020 Bonds

On March 31, 2020, the Series 2020 Revenue Bonds were issued in the principal amount of $36,765,000. The Series 2020 bonds are due April 1, 2033, with annual principal payments ranging from $1,835,000 to $3,420,000 commencing on April 1, 2021 and semi-annual interest payments beginning October 1, 2020 at 2.4% to 5.0%.

Proceeds from the sale of the Series 2020 Bonds were used to provide for the current refunding of the outstanding Series 2010 Bonds and Series 2012 Bonds in the principal amounts of $20,830,000 and $19,455,000, respectively, and to pay certain expenses related to the issuance of the bonds. The total principal amount was deposited into the Series 2010 and 2012 Bond Accounts to redeem all of the Refunded Series 2005 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2010 Bonds and Series 2012 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

Series 2016 Bonds

On February 4, 2016, the Series 2016 Revenue Bonds were issued in the principal amount of $8,990,000. The Series 2016 bonds are due April 1, 2027, with annual principal payments ranging from $450,000 to $1,125,000 commencing on April 1, 2017 and semi-annual interest payments beginning October 1, 2016 at 3.00% – 5.00%.

Proceeds from the sale of the Series 2016 Bonds were used to provide for the current refunding of the outstanding Series 2006 Bonds in the principal amount of $9,660,000 and to pay certain expenses related to the issuance of the bonds. The total principal amount was deposited into the Series 2006 Bond Account to redeem all of the Refunded Series 2006 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2006 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

Advance Refunded Bonds

Certain revenue bonds of the University have been defeased in prior years through advance refunding and, accordingly, have been accounted for as if they were retired. The principal amount of advance refunded bonds was fully paid.

Debt Service Activity Requirements and Collateral

Following is a schedule depicting Revenue Bonds Payable activities for the year ended June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Series 2016 Bonds	$ 5,585,000	$ -	$ (965,000)	$ 4,620,000	$ 1,015,000
Series 2020 Bonds	36,765,000	-	(3,060,000)	$ 33,705,000	3,185,000
Unamortized premium	4,752,258	-	(843,135)	$ 3,909,122	734,471
	$ 47,102,258	$ -	$ (4,868,135)	$ 42,234,122	$ 4,934,471

The University does not have an outstanding line of credit.

Aggregate maturities of the bonds outstanding as of June 30, 2021 are as follows:

	Bonds	
	Principal	Interest
2022	$ 4,200,000	$ 1,563,190
2023	3,460,000	1,385,040
2024	3,605,000	1,235,990
2025	3,035,000	1,080,540
2026	3,165,000	954,640
2027-2031	15,605,000	2,943,350
2032-2033	5,255,000	224,880
	38,325,000	9,387,630
Unamortized premium	3,909,122	-
	$ 42,234,122	$ 9,387,630

None of the bonds described above constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by: a) the net revenues of the Western Illinois University Auxiliary Facilities System, b) certain pledged student fees, and c) a pledge of student tuition. Maximum annual debt service as defined for all outstanding revenue bonds is $5,763,190. The estimated debt service coverage ratio based on revenues generated from operations is 0.72. The future pledged revenues for principal and interest in Fiscal Year 2021 are $47,712,630. Pledged revenue coverage is 9.62 in Fiscal Year 2021. Pledged revenues have a term of commitment through 2033.

NOTE 9 - CERTIFICATES OF PARTICIPATION PAYABLE

General

At June 30, 2021, certificates of participation consist of Western Illinois University Series 2015 Certificates of Participation and Western Illinois University Series 2010 Certificates of Participation.

Series 2015 Certificates of Participation

On July 14, 2015, the Series 2015 Certificates of Participation were issued in the principal amount of $15,100,000. The Series 2015 Certificates of Participation are due October 1, 2024 with annual principal payments ranging from $1,470,000 to $1,890,000 commencing October 1, 2016 and semi-annual interest payments beginning October 1, 2016 at 3.00% to 5.00%.

Proceeds from the sale of the Series 2015 Certificates of Participation were used to provide for the current refunding of the outstanding Series 2005 Certificates of Participation in the principal amount of $7,160,000, the advance refunding of the outstanding Series 2011 Certificates of Participation in the principal amount of $9,265,000, and to pay certain expenses related to the issuance of the bonds. The net proceeds plus funds provided by the University were deposited into the Series 2005 Installment Payment Fund and the 2011 Installment Payment Fund to redeem all of the Refunded Series 2005 and 2011 Certificates of Participation on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 and 2011 Certificates of Participation are considered defeased and the liability for that portion of the certificates has been removed from the University's Statement of Net Position.

Series 2010 Certificates of Participation

On March 11, 2010, the Series 2010 Certificates of Participation were issued in the principal amount of $11,585,000. The Series 2010 Certificates of Participation are due October 1, 2029 with annual principal payments ranging from $415,000 to $825,000 commencing October 1, 2010 and semi-annual interest payments beginning October 1, 2010 at 1.30% to 6.37%.

Proceeds from the sale of the Series 2010 Certificates of Participation were used to finance heating plant capital improvements and steam line replacements. Additionally, proceeds from the sale were used to reimburse the University for a portion of the cost of the sprinkler system installation in Thompson and Tanner Halls.

Debt Service Activity Requirements and Collateral

Following is a schedule depicting Certificates of Participation activities for the year ended June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Series 2010	$ 6,825,000	$ -	$ (565,000)	$ 6,260,000	$ 585,000
Series 2015	7,860,000	-	(1,470,000)	6,390,000	1,505,000
Unamortized premium	214,327	-	(51,719)	162,608	49,990
Unamortized discount	(4,960)	-	1,866	(3,094)	(1,433)
	$ 14,894,367	$ -	$ (2,084,853)	$ 12,809,514	$ 2,138,557

The University does not have an outstanding line of credit.

Aggregate maturities of the certificates of participation outstanding as of June 30, 2021 are as follows:

	Principal	Interest
2022	$ 2,090,000	$ 592,625
2023	2,165,000	514,753
2024	2,255,000	416,995
2025	2,370,000	297,473
2026	690,000	215,213
2027-2030	3,080,000	402,000
	$ 12,650,000	$ 2,439,058
Unamortized premium	162,608	-
Unamortized discount	(3,094)	-
	$ 12,809,514	$ 2,439,058

The Certificates of Participation described above do not constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by lawful appropriations by the General Assembly for such purposes and legally available nonappropriated funds on an annual basis.

NOTE 10 - ACCRUED COMPENSATED ABSENCES

Vacation pay earned but not taken may be accumulated up to a specified maximum from 24 to 56 work days, and received as a lump sum payment upon termination. At June 30, 2021, such accumulated benefits totaled $7,112,790.

Administrative and faculty unused sick leave may be accumulated up to a specified maximum, generally 360 calendar days. Unused and unpaid sick leave can be applied toward the service time requirements for computing retirement benefits. Civil service exempt and nonexempt employees have no specified maximum accumulation of unused sick leave days. One-half of any unused sick leave earned from January 1, 1984 and prior to January 1, 1998 can be received as a lump sum payment upon termination. At June 30, 2021, such accumulated benefits totaled $682,315. Compensated absences activity for the year ended June 30, 2021 was as follows:

Balance, beginning of year	$ 8,074,286
Deductions	(279,180)
Balance, end of year	7,795,106
Less: current portion	(1,448,332)
Balance, end of year - noncurrent portion	$ 6,346,774

NOTE 11 – NET POSITION

Net position balances by major categories at June 30, 2021 are as follows:

	University	Foundation
Net investment in capital assets	$ 130,900,204	$ 602,830
Restricted for:		
Nonexpendable	-	37,781,667
Expendable		
Operations	13,641,759	-
Retirement of indebtedness	728,887	-
Renewals and replacements	8,245,131	-
Loans	806,862	-
Grants and contracts	182,460	145,418
Scholarships, research, instruction and other	-	51,681,973
Total expendable	23,605,099	51,827,391
Unrestricted	(11,074,214)	8,451,279
Total net position	$ 143,431,089	$ 98,663,167

NOTE 12 – PENSION PLANS

Defined Benefit Pension Plans

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

Contributions

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for Fiscal Year 2020 and 2021 respectively, was 13.02% and 12.70% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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

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

Net Pension Liability

The net pension liability (NPL) was measured as of June 30, 2020. At June 30, 2020, SURS defined benefit plan reported an NPL of $30,619,504,321.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the University is $0. The proportionate share of the State's net pension liability associated with the University is $554,679,669 or 1.8115%. The University's proportionate share changed by (0.3398%) from 2.1513% since the last measurement date on June 30, 2019. This amount is not recognized on the University's financial statements. The net pension liability and total pension liability as of June 30, 2020, was determined based on the June 30, 2019, actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2020.

Defined Benefit Pension Expense

At June 30, 2020 SURS defined benefit plan reported a collective net pension expense of $3,364,411,021.

Employer Proportionate Share of Defined Benefit Pension Expense

The employer proportionate share of collective defined benefit pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS defined benefit plan during Fiscal Year 2020. As a result, the University recognized revenue and defined benefit pension expense of $60,947,113 from this special funding situation during the year ended June 30, 2021.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Defined Benefit Pensions

Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

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

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

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

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

Employer Deferral of Fiscal Year 2021 Contributions

The University paid $358,564 in federal, trust or grant contributions to SURS defined benefit pension plan for the fiscal year ended June 30, 2021. These contributions were made subsequent to the pension liability date of June 30, 2020 and are recognized as Deferred Outflows of Resources as of June 30, 2021.

Assumptions and Other Inputs

Actuarial assumptions

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

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

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

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

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

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

Discount Rate

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

Sensitivity of the System'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 6.49%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

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

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

Defined Contribution Pension Plan

General Information about the Pension Plan

Plan Description

The University contributes to the Retirement Savings Plan (RSP) administered by SURS, a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State makes substantially all required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is governed by Chapter 40, Act 5, Article 15 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org. The RSP and its benefit terms were established and may be amended by the State's General Assembly.

Benefits Provided

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

Contributions

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

Forfeitures

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

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense

For the year ended June 30, 2020, the State's contributions to the RSP on behalf of individual employers totaled $74,418,691. Of this amount, $68,874,215 was funded via an appropriation from the State and $5,544,476 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense

The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2020. The University's share of pensionable contributions was 1.8762%. As a result, the University recognized revenue and defined contribution pension expense of $1,396,226 from this special funding situation during the year ended June 30, 2021, of which $104,024 constituted forfeitures.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

Plan description. The State Employees Group Insurance Act of 1971 ("SEGIA"), as amended, authorizes the Illinois State Employees Group Insurance Program ("SEGIP") to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the University's full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System ("GARS"), Judges Retirement System ("JRS"), State Employees' Retirement System of Illinois ("SERS"), Teachers' Retirement System ("TRS"), and State Universities Retirement System of Illinois ("SURS") are eligible for these other post-employment benefits ("OPEB"). The eligibility provisions for each of the retirement systems are defined within Note 12. Certain TRS members eligible for coverage under SEGIP include: certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees, and members with certain reciprocal service.

The Department of Central Management Services ("CMS") administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

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

Funding policy and annual OPEB cost. OPEB offered through SEGIP are financed through a combination of retiree premiums, SEGIP contributions pursuant to SEGIA (5 ILCS 375/11), and Federal government subsidies from the Medicare Part D program. These contributions are deposited in the Health Insurance Reserve Fund, which covers both active employees and retired members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in GARS, JRS, SERS, TRS, and SURS do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. CMS' Director, on an annual basis, determines the amount of contributions necessary to fund the basic program of group benefits. The State's contributions are made primarily from the State's General Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree benefits and a separate trust has not been established for the funding of OPEB.

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

CMS' Changes in Estimates. For the measurement date of June 30, 2018, CMS experienced two significant changes within its estimation process. The OPEB for both the special funding situation and the portion of OPEB where the University is responsible for employer contributions were both significantly impacted by (1) the University's number of participants in SEGIP and (2) the average cost per employee within SEGIP. CMS made changes to its estimation methodology that resulted in significant differences within its estimates which represent an outcome of estimation uncertainty that, as time has passed and new sources of better data have become available, continued to be refined to achieve a more representative reflection of the actual outcome of the estimate in future periods. As such, this change in estimate was amortized for subsequent recognition in the University's OPEB expense over a period of approximately five years, which began in Fiscal Year 2019.

Special Funding Situation Portion of OPEB. The proportionate share of the State's OPEB expense relative to the University's employees totaled $4,106,041 during the year ended June 30, 2021. This amount was recognized by the University as non-operating special funding situation revenue and operating expense allocated to the related function performed by the employees during the year ended June 30, 2021.

While the University is not required to record the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation, the University is required to disclose this amount. The following chart displays the proportionate share of the State's contributions related to the University's special funding situation relative to all employer contributions during the year ended June 30, 2020 based on the June 30, 2019 actuarial valuation rolled forward:

Measurement Date:	June 30, 2020
State of Illinois' OPEB liability related to the University under the Special Funding Situation	$ 375,665,635
SEGIP total OPEB liability	42,366,626,302
Proportionate share of the total OPEB liability	0.89%

University's Portion of OPEB and Disclosures Related to SEGIP Generally:
Total OPEB liability, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB. The University's total OPEB liability, as reported at June 30, 2021, was measured as of the measurement date on June 30, 2020, with an actuarial valuation as of June 30, 2019. The following chart displays the proportionate share of the University's contributions relative to all employer contributions during the year ended June 30, 2020 based on the June 30, 2019 actuarial valuation rolled forward:

Measurement Date:	June 30, 2020
University's OPEB liability	$ 16,107,947
SEGIP total OPEB liability	42,366,626,302
Proportionate share of the total OPEB liability	0.0380%

The University's portion of the OPEB liability was based on the University's proportion share amount determined under the methodology described in Note 1 during the year ended June 30, 2020. As of the current year measurement date of June 30, 2020, the University's proportion decreased 0.0023% from its proportion measured as of the prior year measurement date of June 30, 2019.

The University recognized OPEB expense for the year ended June 30, 2021, of $503,139. In addition, the University recorded $1,271,705 of revenue and expenditures in the General Revenue account of the General Fund to account for contributions to SEGIP for University employees that were paid from statewide General Revenue Fund appropriations. At June 30, 2021, the University reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2020, from the following sources:

Deferred outflows of resources		
Differences between expected and actual experience	$	91,156
Changes of assumptions		440,195
Changes in proportion and differences between employer contributions and proportionate share of contributions		704,502
Department contributions subsequent to the measurement date		393,467
Total deferred outflows of resources	$	1,629,320

Deferred inflows of resources		
Differences between expected and actual experience	$	173,453
Changes of assumptions		1,617,635
Changes in proportion and differences between employer contributions and proportionate share of contributions		687,867
Total deferred inflows of resources	$	2,478,955

The amounts reported as deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Total Amount Recognized of Deferred Inflows and Outflows Over the Remaining Service Life of All Employees (5.138662 years)	
2022	$	(501,194)
2023		(316,867)
2024		(39,870)
2025		(334,791)
2026		(50,380)
Total	$	(1,243,102)

Actuarial methods and assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2019, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2019.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.25%
Discount Rate	2.45%
Healthcare Cost Trend Rate:	
Medical (Pre-Medicare)	8.25% grading down 0.25% per year over 16 years to 4.25% in year 2037. The Exise Tax has been repealed and no longer affects the trend rates.
Medical (Post-Medicare)	8.25% grading down 0.25% per year over 16 years to 4.25% in year 2037.
Dental and Vision	4.00% grading up 0.25% in the first year to 4.25%.
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2020 and 2021 are based on actual premiums. Premiums after 2021 were projected based on the same healthcare cost trend rates applied to per capita claim costs.

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

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

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

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

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

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

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

	1% Decrease (1.45%)	Current Single Discount Rate Assumption (2.45%)	1% Increase (3.45%)
University's proportionate share of total OPEB liability	18,960,493	16,107,947	13,832,938

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037,

	1% Decrease	Healthcare Cost Trend Rates Assumption	1% Increase
University's proportionate share of total OPEB liability	13,484,739	16,107,947	19,547,677

Total OPEB Liability Associated with the University, Regardless of Funding Source. The University is required to disclose all OPEB liabilities related to it, including (1) the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation the University is not required to record and (2) the portion of OPEB liability recorded by the University for its employees paid from trust, federal, and other funds. The following chart displays the proportionate share of contributions, regardless of funding source, associated with the University's employees relative to all employer contributions during the year ended June 30, 2020 based on the June 30, 2019 actuarial valuation rolled forward:

Measurement Date:	June 30, 2020
State of Illinois' OPEB liability related to the University under the Special Funding Situation	$ 375,665,635
University's OPEB liability	16,107,947
Total OPEB liability associated with the University	391,773,582
SEGIP total OPEB liability	42,366,626,302
Proportionate share of the OPEB liability associated with the University	0.92%

NOTE 14 – INSURANCE

Through its participation in the Illinois Public Higher Education Cooperative (IPHEC), the University has contracted with commercial carriers to provide various insurance coverages, including educators' legal and other general liability insurance. The University's liability coverages have a $250,000 to $350,000 deductible per occurrence. Additionally, the University purchases property insurance coverage for the replacement value of University real property and contents. Settled claims have not exceeded commercial coverage in any of the three preceding years.

NOTE 15 - OPERATING EXPENSES BY NATURAL CLASSIFICATION

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

	Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Depreciation	Total
Instruction	$ 87,182,184	$ 1,538,556	$ -	$ -	$ 88,720,740
Research	3,754,293	2,623,135	-	-	6,377,428
Public service	10,881,191	3,216,875	-	-	14,098,066
Academic support	17,046,330	2,953,814	-	-	20,000,144
Student services	17,879,509	5,821,012	-	-	23,700,521
Institutional support	16,147,789	4,442,938	-	-	20,590,727
Operation and maintenance of plant	12,916,664	5,632,890	-	-	18,549,554
Scholarships & Fellowships	575,433	-	19,459,785	-	20,035,218
Auxiliary enterprises	15,890,100	15,975,383	-	-	31,865,483
Depreciation	-	-	-	13,827,950	13,827,950
Total	$ 182,273,493	$ 42,204,603	$ 19,459,785	$ 13,827,950	$ 257,765,831

NOTE 16 - CONTRACT WITH WESTERN ILLINOIS UNIVERSITY FOUNDATION

The University has a contract with the Western Illinois University Foundation in which the Foundation has agreed to aid and assist the University in achieving its educational, research, and service goals by developing and administering its gifts. These gifts received by the Foundation are to be used for the benefit of the University in its scholarship, loan, grant and other supporting programs. The University agreed, as part of this contract, to furnish certain services necessary to the operation of the Foundation.

For Fiscal Year 2021, the Foundation did not specifically reimburse the University for $1,057,573 of personal service costs, facility use and other costs provided by the University. However, the Foundation gave the University $2,685,904 for Fiscal Year 2021 in totally unrestricted funds or funds restricted as to department but generally available for ongoing University operations.

During the year ended June 30, 2021, the University and Foundation had the following inter-entity transactions:

	University	Foundation
Nonoperating Revenues - Gifts	$ 687,790	$ -
Operating Expenses:		
Instruction	-	110,873
Research	-	-
Public service	-	475,000
Academic support	-	41,044
Student services	-	-
Institutional support	-	6,000
Operation and maintenance of plant	-	54,873
	$ 687,790	$ 687,790

NOTE 17 – STUDENT FINANCIAL ASSISTANCE

The University participates in the U.S. Department of Education's Direct Student Loan Program. The University awarded $34,625,982 in direct student loans for the year ended June 30, 2021. The University classified this loan program as noncash federal awards and it is disclosed in the footnotes to the University's Schedule of Expenditures of Federal Awards in the University's Compliance Examination Report. Accordingly, no revenue or expenses are included in the financial statements of the University. All cash flows associated with these amounts have been reported as cash flows from operating activities as tuition and fees.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Claims and Litigation

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes that ultimate disposition of the actions will not have a material effect on the financial statements of the University.

Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and State governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursements of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

NOTE 19 – HIGHER EDUCATION EMERGENCY RELIEF FUND

The University has received three separate awards (consisting of an initial award and two supplemental awards) from the Higher Education Emergency Relief Fund as part of the federal government's response to the COVID-19 pandemic. The University's period of availability for using these federal funds is set to expire on May 19, 2022, but this can be extended for up to one additional year. The following chart reflects the remaining balance of this activity at June 30, 2021, which the University intends to claim and recognize as non-operating revenue during Fiscal Year 2022.

	Original Award		**Remaining Balance**	
	University's Portion	Student Aid Portion	University's Portion	Student Aid Portion
HEERF 1	$ 3,998,546	$ 3,998,547	$ 273,534	$ -
HEERF 2	8,859,273	3,998,547	2,970,273	535,799
HEERF 3	10,910,447	11,273,110	10,908,789	11,273,110
Total	**$ 23,768,266**	**$ 19,270,204**	**$ 14,152,596**	**$ 11,808,909**

The University also received a Strengthening Institutions Program HEERF award (initial grant and one supplemental award) with current end date of March 29, 2022. The original awards were $395,644 and $540,369 and had remaining balances as of June 30, 2021 of $258,464 and $87,914, respectively.

NOTE 20 – CHANGE IN ACCOUNTING PRINCIPLE

As of June 30, 2021, the University implemented GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Certain agency funds previously accounted for activities that are not considered fiduciary in nature and are now reported in the custodial funds. The University restated the net position of the funds indicated below to appropriately reflect the July 1, 2020 balances as follows:

	Fiduciary Activities
Net position at June 30, 2020, as previously stated	$ -
Restatement - Implementation of GASB 84	286,885
Net position at July 1, 2020, as restated	$ 286,885

NOTE 21 – PRIOR PERIOD ADJUSTMENT

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

	University
Net position July 1, 2020, as previously reported	$ 147,824,230
Error correction	2,538,761
Net position July 1, 2020, as restated	$ 150,362,991

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

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION –PENSION (UNAUDITED)
For the Year Ended June 30, 2021

Schedule of Share of Net Pension Liability

	2014	2015	2016	2017	2018	2019	2020
(a) Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%	0%	0%
(b) Proportion amount of the collective net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(c) Portion of nonemployer contributing entities' total proportion collective net pension liability associated with employer	586,649,047	628,376,573	665,077,569	607,342,161	635,454,194	617,854,891	554,679,669
Total (b) + (c)	586,649,047	628,376,573	665,077,569	607,342,161	635,454,194	617,854,891	554,679,669
Employer covered-employee payroll	$ 97,810,421	$ 96,318,804	$ 92,521,052	$ 84,155,043	$ 82,557,481	$ 77,731,369	$ 67,269,966
Proportion of collective net pension liability associated with as a percentage of DB covered-employee payroll	599.78%	652.39%	718.84%	721.69%	769.71%	794.86%	824.56%
SURS plan net position as a percentage of total pension liability	44.39%	42.37%	39.57%	42.04%	41.27%	40.71%	39.05%

Schedule of Contributions	2014	2015	2016	2017	2018	2019	2020	2021
Federal, trust, grant, and other contribution	$ 305,959	$ 329,255	$ 360,777	$ 368,321	$ 369,915	$ 418,858	$ 441,931	$ 358,564
Contribution in relation to required contribution	305,959	329,255	360,777	$ 368,321	$ 369,915	$ 418,858	$ 441,931	$ 358,564
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Employer covered payroll	$121,080,877	$120,107,278	$115,835,988	$106,343,389	$104,591,344	$100,600,980	$ 88,511,533	$ 85,782,466
Contributions as a percentage of covered payroll	0.25%	0.27%	0.31%	0.35%	0.35%	0.42%	0.50%	0.42%

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

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION (UNAUDITED)
For the Year Ended June 30, 2021

1. Changes of Benefit Terms
   There were no benefit changes recognized in the Total Pension Liability as of June 30, 2020.

2. Changes of Assumptions
   In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.
   - Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
   - Investment return. Decrease the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
   - Effective rate of interest. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019.
   - Normal retirement rates. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74, and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
   - Early retirement rates. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
   - Turnover rates. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
   - Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
   - Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION – OPEB (UNAUDITED)
For the Year Ended June 30, 2021

Schedule of Share of the Collective Total OPEB Liability

	2017	2018	2019	2020
Proportion percentage of the collective total OPEB liability	0.0403%	0.0377%	0.0403%	0.0380%
Proportionate share of the collective total OPEB liability	$ 16,653,514	$ 15,115,155	$ 17,507,793	$ 16,107,947
Estimated proportionate amount of collective total OPEB liability associated with the University - State supported portion	$ -	$ 502,678,599	$ 494,255,011	$ 375,665,635
Total	$ 16,653,514	$ 517,793,754	$ 511,762,804	$ 391,773,582
Employer covered-employee payroll	$ 98,307,385	$ 96,093,044	$ 91,994,282	$ 80,834,491
Proportionate share of the collective total OPEB liability as a percentage as a percentage of employer covered-employee payroll	16.94%	15.73%	19.03%	19.93%

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

** Note: An error correction impacting SEGIP's cost-sharing proportionate share allocation used by the State of Illinois' agencies and public universities to record their OPEB activity has resulted in an ($179,542) adjustment to the previously reported OPEB liability resulting in a revised OPEB liability of $17,507,793 for FY20 reporting period.

WESTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
SUPPLEMENTARY INFORMATION – TABLE OF OPERATING EXPENSES
For the Year Ended June 30, 2021

The following table presents a break-down of the various types of expenses which collectively comprise the University's functional operating expense accounts for the year ended June 30, 2021:

	Compensation and Benefits										Other Expenses	Total Operating Expenses
	Western Illinois University's Expenses					State of Illinois' Expenses						
	Salaries[1]	Benefits[2]	OPEB[3]	Pension	Sub-Total	Benefits[2]	OPEB[3]	Pension	Sub-Total	Total		
Instruction	45,915,028	803,343	249,507	71,523	47,039,401	7,707,985	2,036,186	30,398,612	40,142,783	87,182,184	1,538,556	88,720,740
Research	2,213,444	79,770	7,849	18,284	2,319,347	242,477	64,054	1,128,414	1,434,946	3,754,293	2,623,135	6,377,428
Public service	5,092,074	995,454	27,069	355,381	6,469,978	836,236	220,905	3,354,072	4,411,213	10,881,191	3,216,875	14,098,066
Academic support	9,261,860	150,267	46,892	14,159	9,473,178	1,448,647	382,683	5,741,822	7,573,152	17,046,330	2,953,814	20,000,144
Student services	9,659,528	158,744	49,559	3,964	9,871,795	1,531,028	404,445	6,072,241	8,007,714	17,879,509	5,821,012	23,700,521
Institutional support	8,272,794	226,035	45,936	17,331	8,562,096	1,419,115	374,882	5,791,696	7,585,693	16,147,789	4,442,938	20,590,727
Operation and maintenance of plant	6,706,929	116,372	36,327	-	6,859,628	1,122,235	296,456	4,638,344	6,057,036	12,916,664	5,632,890	18,549,554
Scholarships and Fellowships	550,268	6,504	101	2,161	559,034	3,109	821	12,469	16,399	575,433	19,459,785	20,035,218
Auxiliary enterprises	8,958,366	127,963	39,899	-	9,126,228	1,232,594	325,609	5,205,669	6,763,872	15,890,100	15,975,383	31,865,483
Depreciation	-	-	-	-	-	-	-	-	-	-	13,827,950	13,827,950
Total	96,630,292	2,664,452	503,139	482,803	100,280,686	15,543,427	4,106,041	62,343,339	81,992,807	182,273,493	75,492,338	257,765,831

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

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

[3] OPEB refers to other post-employment benefits.

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the 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, the financial statements of the business-type activities and the aggregate discretely presented component unit of Western Illinois University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and we have issued our report thereon dated June 1, 2022. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting (internal control) or compliance and other matters of the Western Illinois University Foundation, a component unit of the University, associated with this component unit that are reported on separately by those auditors.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as items 2021-001 and 2021-002.

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the University's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

University's Response to the Finding

The University's response to the finding identified in our audit is described in the accompanying Schedule of Findings. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 1, 2022

2021-001 FINDING (Inadequate Internal Controls over Census Data)

The Western Illinois University (University) did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of both the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Finally, CMS' actuaries use census data for employees of the State's public universities provided by SURS along with census data for the other participating members which is provided by the State's four other pension plans to prepare the projection of the OPEB plan's liabilities.

During testing, we noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.

- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.

Based on information we obtained while performing our audit, we learned these deficiencies are pervasive across the public universities participating in SURS and across the State's agencies participating in one of the other four State pension plans, the State Employees' Retirement System of Illinois. These conditions significantly increase the risk there could be errors at one or more employers within the plans, and these errors could have a significant impact on SURS' and CMS' measurement of pension and OPEB liabilities, respectively.

2021-001 FINDING (Inadequate Internal Controls over Census Data) (Continued)

In addition, we noted errors within CMS' allocation of OPEB-related balances across the State's funds, public universities, and the Illinois State Toll Highway Authority related to a failure by CMS to account for a separately financed specific OPEB liability for certain groups of employees at one component unit of the State. The impact of these errors resulted in the University restating its beginning net position by $2,538,761 as of July 1, 2020.

Based upon the significance of these issues alone, we concluded a material weakness exists within the University's internal controls related to ensuring both SURS and CMS can provide their respective actuaries with complete and accurate census data related to the University's active employees. Even given these exceptions, we performed detail testing of a sample of employees and certain data analysis tests of the total population of the University's census data transactions reported to SURS and noted the following:

- Two of 60 (3.33%) employees tested had status changes that were not reported to SURS at the occurrence of the event. One employee went on a leave of absence and another employee changed status from leave of absence to active status.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' Audit and Accounting Guide: State and Local Governments (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is a person who works for the University in a secretarial, mechanical, labor, clerical, educational, administrative, or other staff position which is either (a) permanent and continuous or (b) for a period of four months or an academic term, whichever is less, who is:

1) not a student employed on a less than full-time temporary basis;
2) not receiving a retirement or disability annuity from SURS;
3) not on military leave;
4) not eligible to participate in the Federal Civil Service Retirement System,
5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;

2021-001 FINDING (Inadequate Internal Controls over Census Data) (Continued)

7) not a patient in a hospital or home;
8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
10) currently on lay-off status of not more than 120 days after the lay-off date;
11) not on an absence without pay of more than 30 days; and,
12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

Further, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

In addition, the Illinois Pension Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds. Additionally, the Act (5 ILCS 375/10) requires active employees to make contributions as set by CMS and the Act (5 ILCS 375/11) requires employer contributions by the University for all employees not totally compensated from its Income Fund, local auxiliary funds, and the Agricultural Premium Fund.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

University officials indicated that a full reconciliation process is underway with SURS and CMS; however, data to reconcile was not provided well into the 2022 fiscal year. In addition, the current period's condition resulted from competing priorities and not being able to reconcile timely.

Failure to ensure complete and accurate census data was reported to SURS could result in a material misstatement of the University's financial statements and reduced the overall accuracy of pension/OPEB-related liabilities, deferred inflows and outflows of resources, and expense recorded by the State, the State's agencies, and other public universities and community colleges across the State. In addition, failure to reconcile active members' census data reported to and held by SURS to the University's internal records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the pension and OPEB balances, which could result in a material misstatement of these amounts.

2021-001 FINDING (Inadequate Internal Controls over Census Data) (Continued)

Finally, the allocation error involving one component unit in the OPEB plan resulted in misstatements within each employer's allocation, which resulted in a restatement at the University. (Finding Code No. 2021-001, 2020-001)

RECOMMENDATION

We recommend the University implement controls to ensure census data events are timely and accurately reported to SURS.

Further, we recommend the University work with SURS to annually reconcile its active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary. After completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Finally, we recommend the University work with SURS and CMS to identify and address any unremitted or erroneously remitted employee and, if applicable, employer contributions related to these events.

UNIVERSITY RESPONSE

The University agrees with the finding and has submitted all data to SURS as part of a baseline reconciliation process. Once this baseline is established and complete, an annual reconciliation process will be created and enacted moving forward.

2021-002 FINDING (Failure to Apply Appropriate Generally Accepted Accounting Principles)

The University did not properly record several transactions and, as a result, did not properly apply the appropriate generally accepted accounting principles (GAAP) to their financial statement reporting process.

We noted the following in our review of the financial statements submitted by the University with the GAAP Package to the Office of Comptroller:

- The University acquired an ERP system from a third-party vendor and was involved in some development activities related to the ERP system for implementation. The University did not capitalize $283,367 of application development costs incurred.

- The University did not properly conduct an evaluation of all the agency funds in relation to the implementation of GASB Statement No. 84, *Fiduciary Activities*. We noted the University initially did not report any fiduciary funds financial statements and did not have related disclosures on fiduciary funds in the notes to financial statements. We requested the University provide their documentation on their determination of which funds are to be reported as fiduciary funds. The University reperformed their evaluation and identified thirty-two (32) agency funds previously accounted for in governmental activities that should be reported as custodial funds. These custodial funds have assets totaling $394,245, liabilities totaling $75,213 and net position totaling $319,032 that were not properly reported in a Statement of Fiduciary Net Position. In addition, total beginning net position of $286,885, additions totaling $166,730 and deductions totaling $134,583 were not properly reported in a Statement of Changes in Fiduciary Net Position.

- The University did not properly calculate and report the institutional portion revenue on Higher Education Emergency Relief Fund (HEERF) II grants. The University met the eligibility requirements for student financial aid expenditures, institutional expenditures and lost revenues but did not recognize an additional $2,056,678 of institutional portion to the total HEERF II award amount it is entitled to in accordance with the HEERF II grant provisions. A revision was made to the Schedule of Expenditures and Federal Awards to reflect the changes.

The University subsequently adjusted the financial statements to correct these errors, including the required disclosures in the notes to the financial statements.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that expenditures, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Good internal control procedures require adequately trained personnel with the knowledge, skills and experience to prepare GAAP-based financial statements, management oversight and review of accounting policies and procedures, as well as an overall review of financial reporting for accuracy and compliance with GAAP.

Governmental Accounting Standards Board (GASB) Statement No. 35 – *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* requires government-wide financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and also requires acquired but unused goods and services be reported as assets until they are used.

2021-002 FINDING (Failure to Apply Appropriate Generally Accepted Accounting Principles) (Continued)

GASB Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets* requires specified-conditions to be met for the development cycle of computer software before the outlays can be capitalized. This Statement specifies outlays can be grouped into the preliminary project stage, application development stage or the post implementation/operation stage, but only outlays incurred for activities during the application development stage of internally generated software should be capitalized. GASB Statement No. 51 requires the capitalization of development cost if it requires more than minimal incremental effort on the part of the University to begin to achieve the expected level of service capacity.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* requires the recognition of revenues and expenses when all eligibility requirements are met.

University officials indicated that due to personnel changes and competing priorities, the impact of the standards was not properly evaluated and applied. In addition, the COVID-19 situation and continual change in guidance and interpretation around regulations affected their ability to address these weaknesses timely.

This material weakness in the University's internal control over financial and fiscal operations poses a reasonable possibility that a material misstatement of the University's financial statements or material noncompliance will occur and not be prevented or detected and corrected on a timely basis. Accurate preparation of the University's financial information for GAAP and financial reporting purposes is important due to the impact adjustments may have on the Statewide financial statements.

RECOMMENDATION

We recommend the University establish procedures to ensure that transactions which include special terms and reporting be carefully reviewed for proper accounting and recognition of related transactions. If necessary, accounting and reporting guidance should be obtained from technical resources to be in conformity with generally accepted accounting principles.

UNIVERSITY RESPONSE

The University agrees with the finding and confirms that all adjustments are reflected in the financial statements.