



**GOVERNORS STATE
UNIVERSITY**

Board of Trustees Meeting

October 21, 2024

Engbretson Hall

Supplement

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TAB 1



GOVERNORS STATE UNIVERSITY

5-YEAR FINANCIAL PERFORMANCE REPORT (FY 2019 - FY 2023), AND FY 2023 AUDIT RESULTS

5-YEAR FINANCIAL POSITION, AT A GLANCE

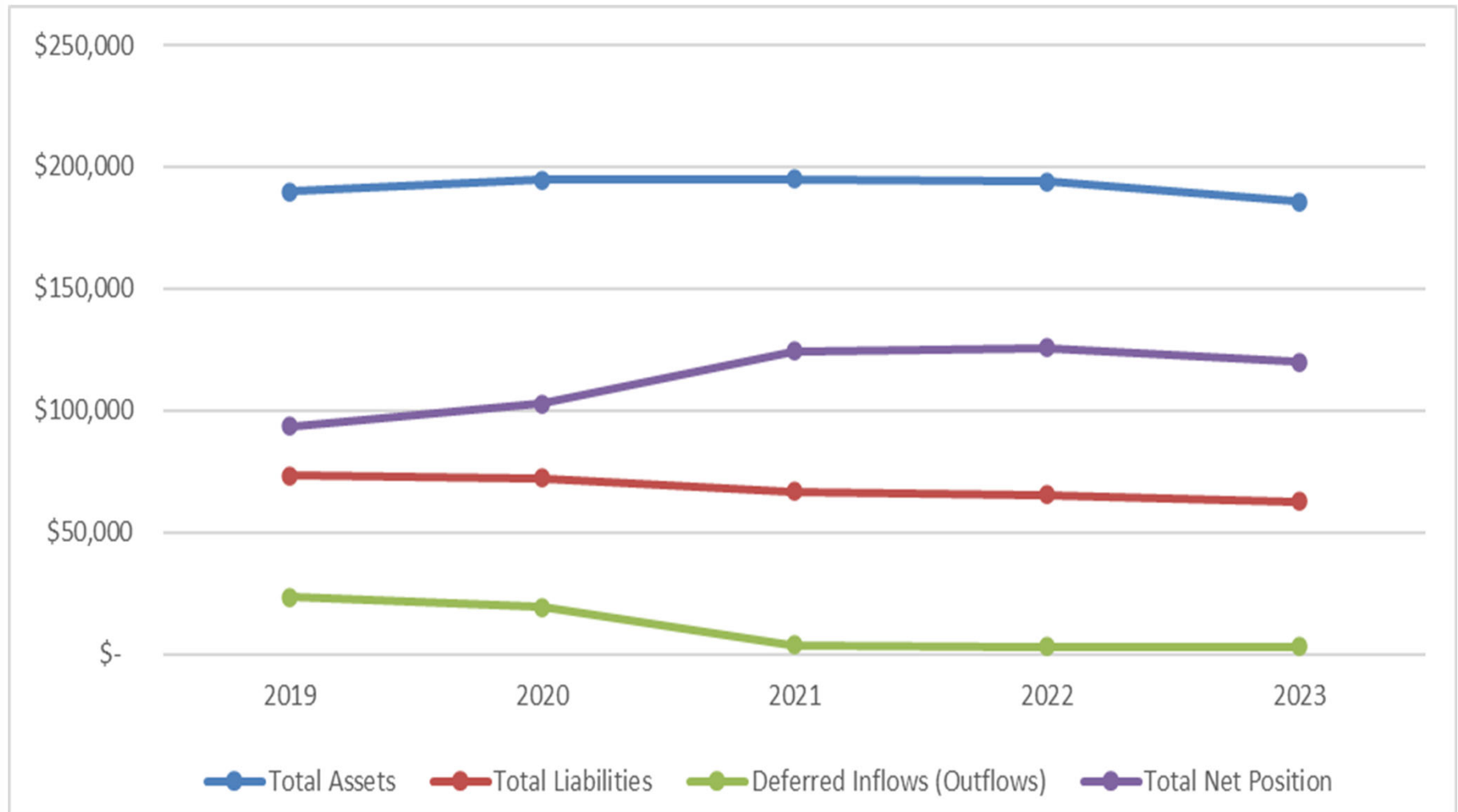
(Amounts in '000)

	2019	2020	2021	2022	2023
Total Assets	\$ 190,008	\$ 194,668	\$ 194,996	\$ 194,076	\$ 185,677
Total Liabilities	73,320	72,337	66,726	65,381	62,634
Net Deferred Inflows (Outflows) of Resources	23,272	19,361	3,931	3,069	2,945
Total Net Position	\$ 93,416	\$ 102,970	\$ 124,339	\$ 125,626	\$ 120,098

- Net position represents the University's equity and is a way to measure the University's financial health. The University's net position grew from \$93M in FY19 to \$120M in FY23.
- The University's financial position shows stronger financial resources from year to year as the University amortizes debt and accumulates unrestricted net assets.

Note: Balances were based on audited financials.

5-YEAR FINANCIAL POSITION, AT A GLANCE (Amounts in '000)



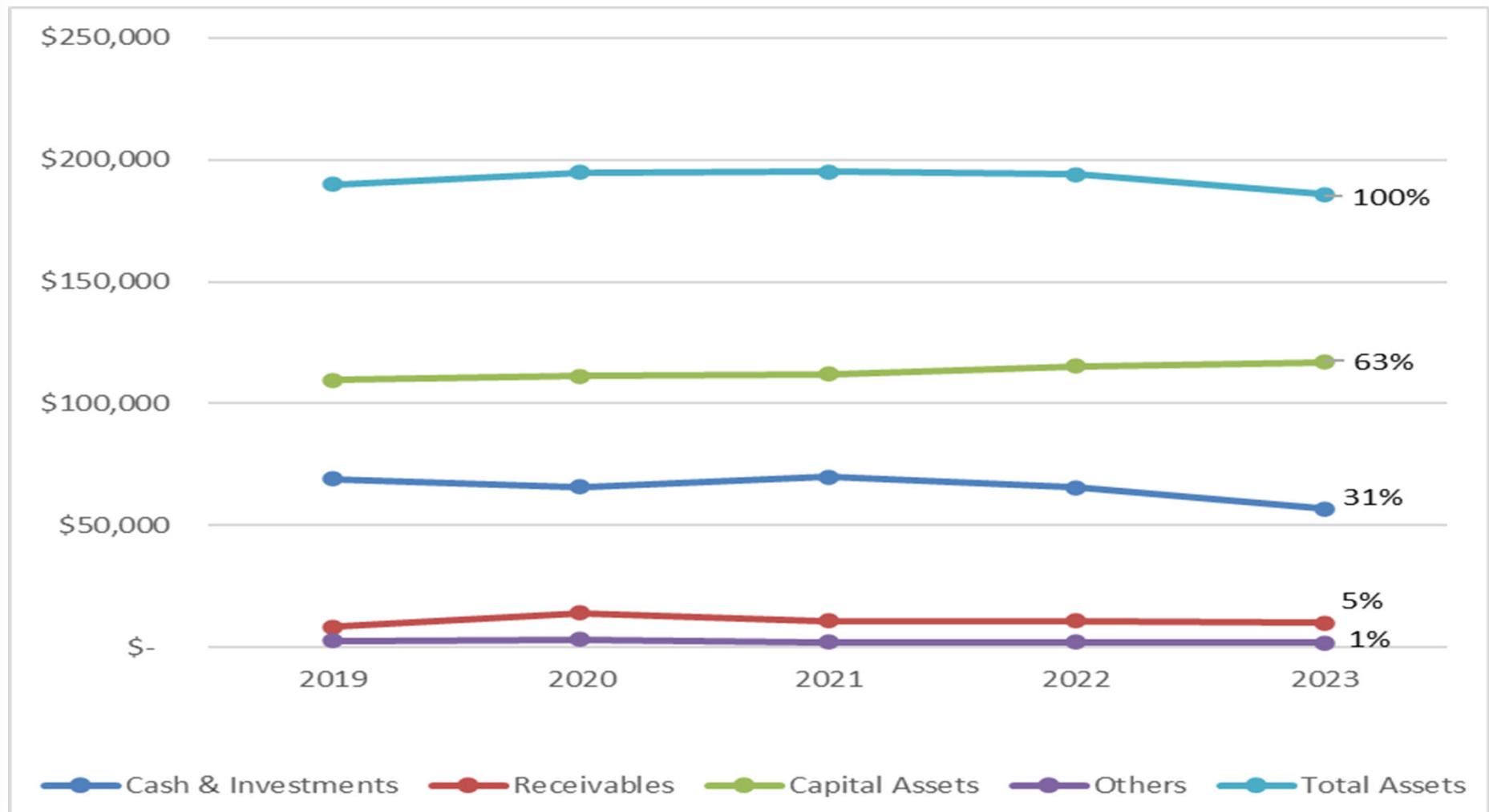
COMPONENTS OF ASSETS

(Amounts in '000)

	2019	2020	2021	2022	2023
Cash & Equivalents	\$ 54,906	\$ 52,203	\$ 59,847	\$ 57,615	\$ 13,714
Cash & Equivalents, Restricted	1,091	3,738	9,940	1,807	1,683
Investments	-	-	-	-	38,950
Investments, Restricted	12,997	10,011	-	6,127	2,418
Accounts Receivable, Net	3,880	4,856	4,200	4,259	4,676
Grants Receivable	2,245	2,354	5,255	5,610	4,895
State Appropriation Receivable	20	4,957	-	74	-
Student Loans Receivable, Net	2,364	1,908	1,493	1,055	468
Capital Assets, Net	109,664	111,297	112,087	115,466	116,871
Other Assets	2,841	3,344	2,174	2,063	2,002
Total Assets	\$ 190,008	\$ 194,668	\$ 194,996	\$ 194,076	\$ 185,677

Note: Balances were based on audited financials.

CASH & INVESTMENTS, AND CAPITAL ASSETS REPRESENT A SIGNIFICANT PORTION OF THE UNIVERSITY'S ASSETS (Amounts in '000)



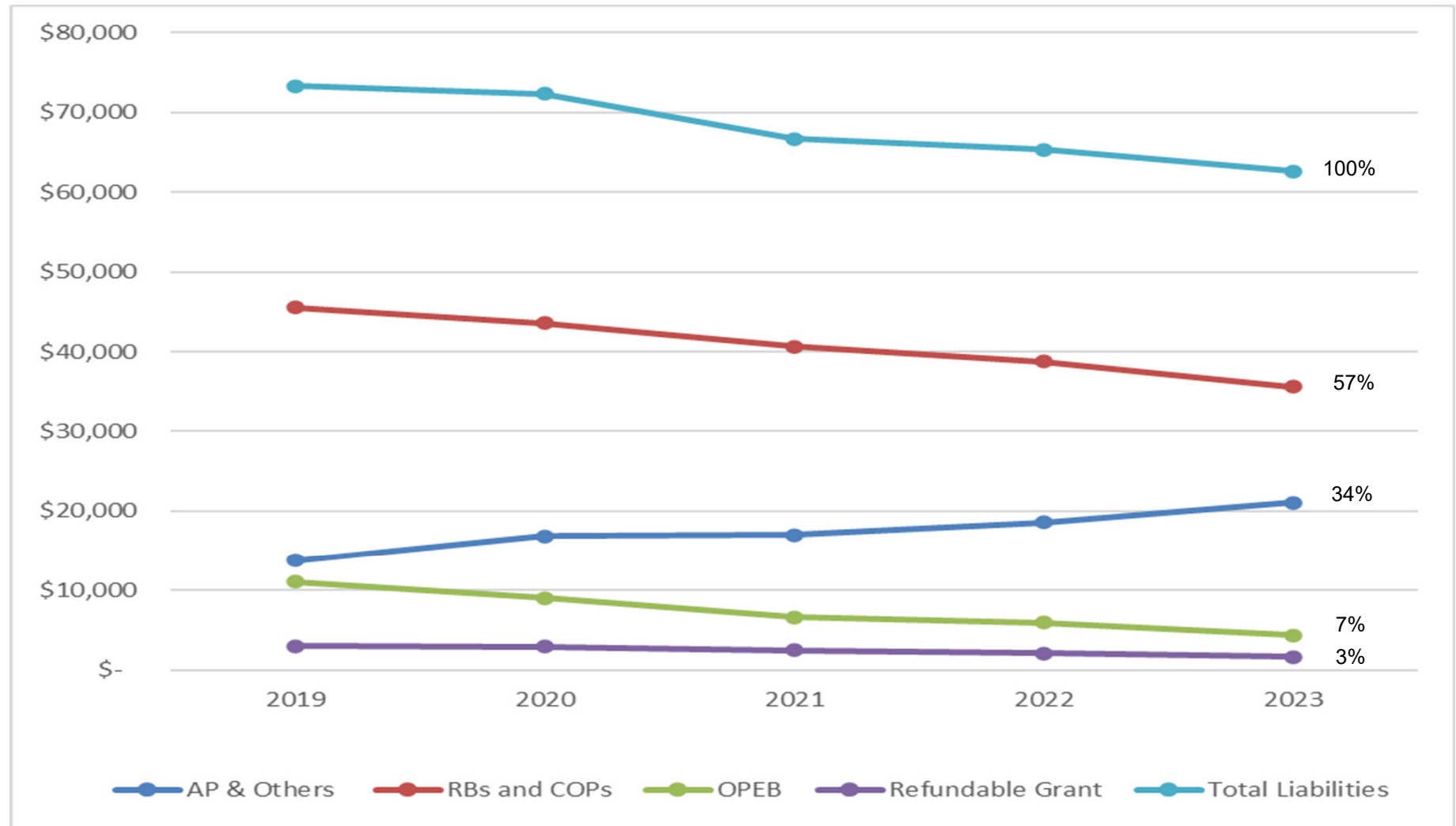
COMPONENTS OF LIABILITIES

(Amounts in '000)

	2019	2020	2021	2022	2023
Accounts Payable	\$ 7,325	\$ 9,474	\$ 8,275	\$ 10,759	\$ 9,080
Accrued Compensated Absences	3,222	3,805	4,459	4,338	4,635
Unearned Revenue	2,842	2,983	3,604	2,716	5,281
Revenue Bonds Payable	23,145	22,219	21,263	21,131	20,073
Certificates of Participation Payable	22,373	21,342	19,415	17,647	15,510
Other Post Employment Benefits (OPEB) Payable	11,066	8,997	6,569	5,929	4,338
Refundable Grants	2,979	2,915	2,475	2,103	1,652
Other Liabilities	368	602	666	758	2,065
Total Liabilities	\$ 73,320	\$ 72,337	\$ 66,726	\$ 65,381	\$ 62,634

Note: Balances were based on audited financials.

LONG-TERM DEBTS (RBs AND COPs) REPRESENT A SIGNIFICANT PORTION OF THE UNIVERSITY'S LIABILITIES (Amounts in '000)



Note: AP & Others include Accounts Payable, Accrued Compensated Absences, Unearned Revenues, and Other Liabilities.

COMPONENTS OF NET POSITION

(Amounts in '000)

	2019	2020	2021	2022	2023
Net Investments in Capital Assets	\$ 78,080	\$ 78,159	\$ 79,294	\$ 80,450	\$ 81,213
Restricted Expendable	843	2,258	2,178	2,342	2,277
Unrestricted	14,493	22,553	42,867	42,834	36,608
Total Net Position	\$ 93,416	\$ 102,970	\$ 124,339	\$ 125,626	\$ 120,098

The University's net position/fund balance grew from year to year since FY19 as the University generated positive operating results (net income). After years of positive operating results, the University's net position decreased in FY23 as compared to FY22 mostly due to the decrease in relief grant funding, the inflationary increases in contractual services expenditures, the salary increases resulting from union contract negotiations, and the increases in expenditures related to other strategic planned investments.

Despite the decrease, the University's total net position remains strong at \$120 million as of FY23 compared to \$93M in FY19, with about \$36.6 million in unrestricted amount in FY23 compared to \$14M in FY19.

Note: Balances were based on audited financials.

NET INVESTMENTS IN CAPITAL ASSETS AND UNRESTRICTED FUND BALANCE REPRESENT A SIGNIFICANT PORTION OF THE UNIVERSITY'S NET POSITION (Amounts in '000)



5-YEAR RESULTS OF OPERATIONS, AT A GLANCE

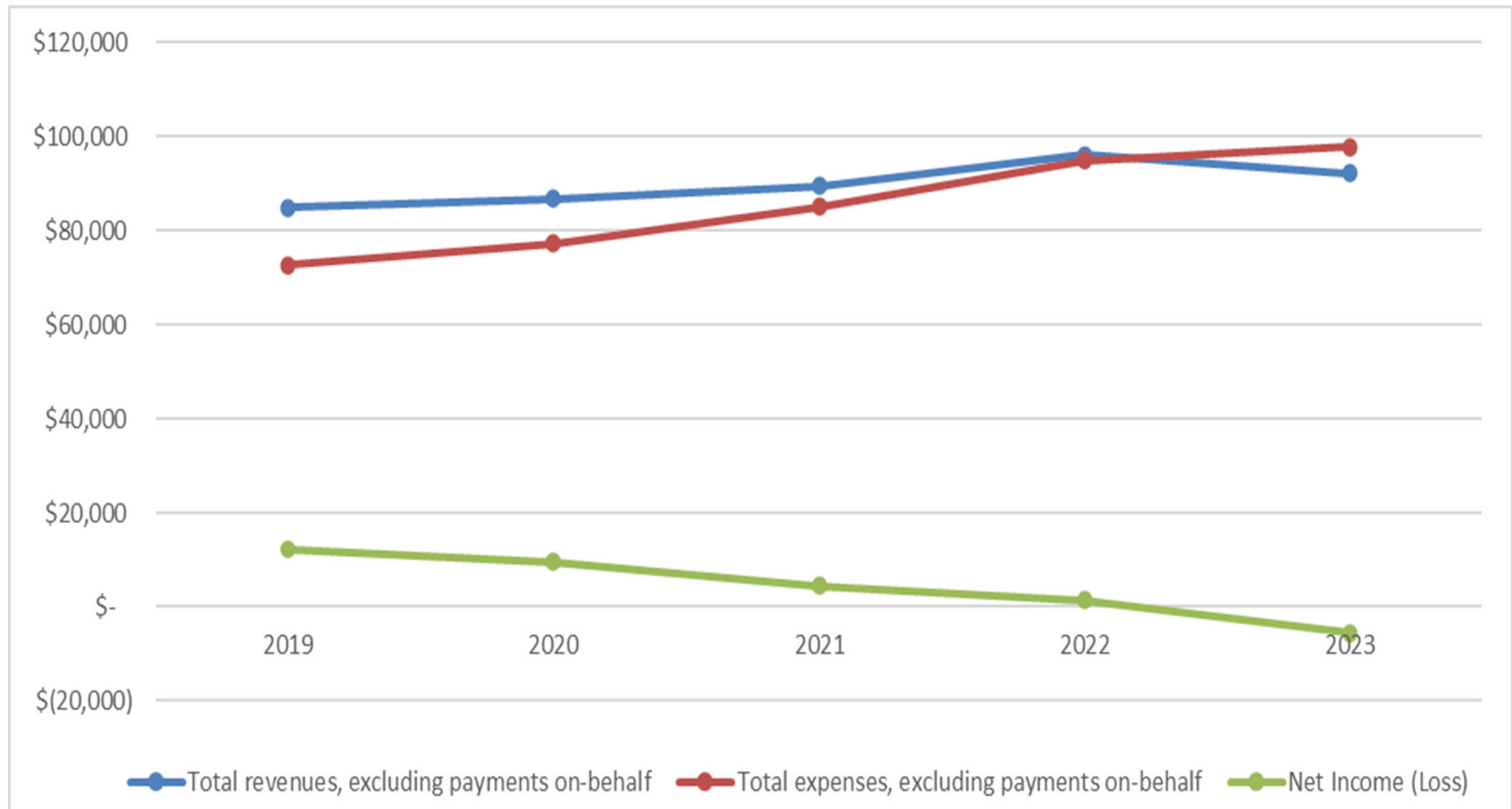
(Amounts in '000)

	2019	2020	2021	2022	2023
Revenues, Excluding Payments Made On-Behalf	\$ 84,932	\$ 86,893	\$ 89,574	\$ 96,192	\$ 92,340
Payments Made On-Behalf	23,637	22,379	43,606	31,032	11,752
Total Revenues	\$ 108,569	\$ 109,272	\$ 133,180	\$ 127,224	\$ 104,092
Total Expenses, Excluding Payments Made On-Behalf	72,698	77,339	85,100	94,905	97,868
Payments Made On-Behalf	23,637	22,379	43,606	31,032	11,752
Total Expenses	\$ 96,335	\$ 99,718	\$ 128,706	\$ 125,937	\$ 109,620
Net Income (Loss)	\$ 12,234	\$ 9,554	\$ 4,474	\$ 1,287	\$ (5,528)

- Payments Made On-Behalf represents the University's proportionate share of State funded retirement and medical insurance (health, life, and dental) benefits, recognized under both revenues and expenses. These amounts are provided by the State of Illinois every year.
- For the past 5 fiscal years (FY19 through FY23), total net income generated by the University amounted to about \$22M. The University was in a net loss position during FY23 mostly due to the decrease in relief grant funding, the inflationary increases in contractual services expenditures, the salary increases resulting from union contract negotiations, and the increases in expenditures related to other strategic planned investments.

Note: Balances were based on audited financials.

5-YEAR RESULTS OF OPERATIONS, AT A GLANCE (Amounts in '000)



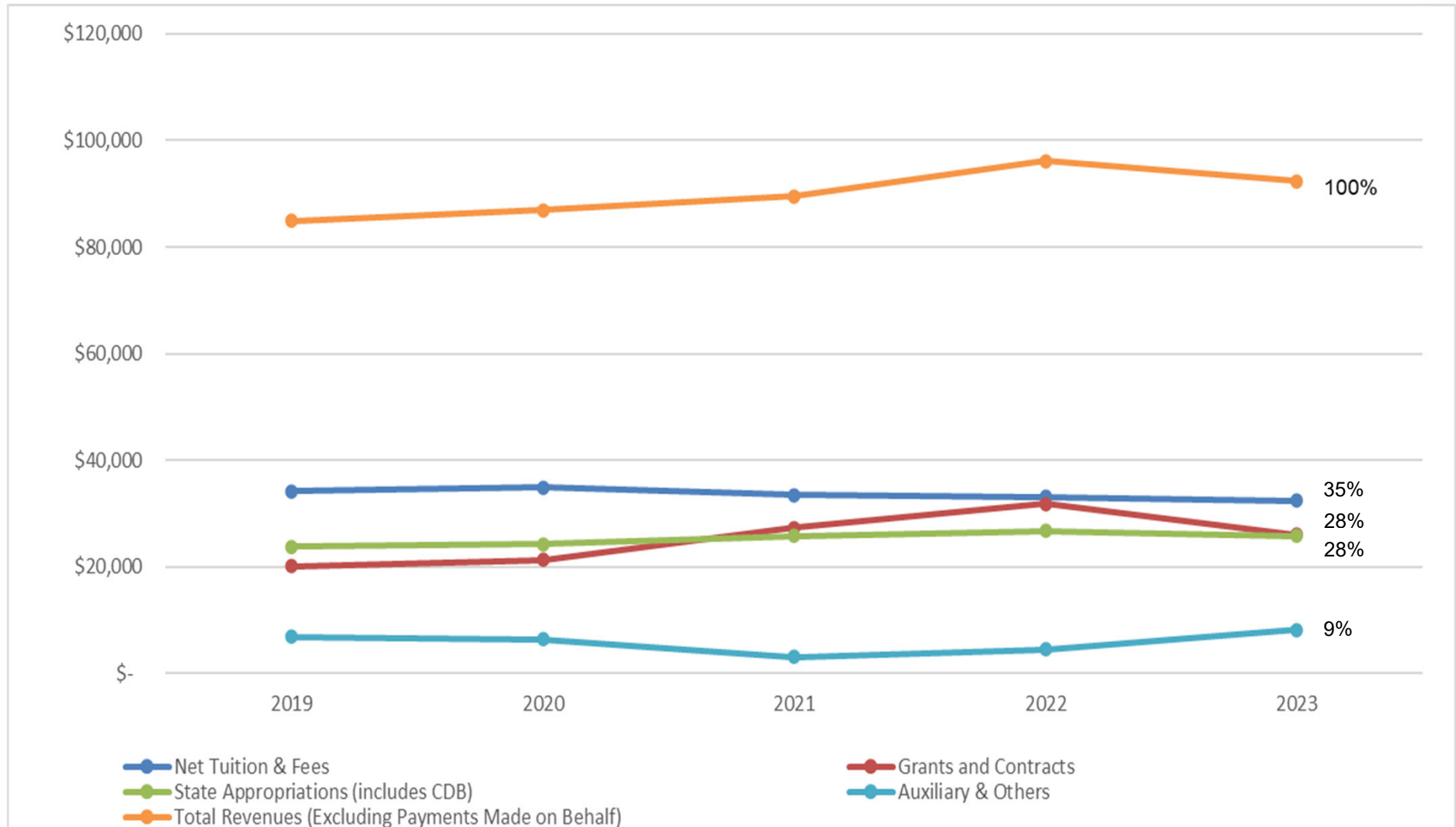
COMPONENTS OF REVENUES

(Amounts in '000)

	2019	2020	2021	2022	2023
<i>Gross Tuition & Fees</i>	\$ 45,337	\$ 47,684	\$ 45,787	\$ 45,961	\$ 47,810
<i>Less: Scholarship Allowances</i>	(11,160)	(12,829)	(12,349)	(12,810)	(15,424)
Net Tuition and Fees	\$ 34,177	\$ 34,855	\$ 33,438	\$ 33,151	\$ 32,386
Grants and Contracts	20,120	21,286	27,283	31,780	26,061
Auxiliary Enterprises	3,380	3,345	1,673	2,481	3,984
State Appropriation	22,089	23,193	23,193	24,353	24,353
Investment Income	1,316	961	110	157	1,608
Capital Appropriations and Grants Provided by the State of Illinois	1,677	1,106	2,567	2,429	1,421
Other Revenues	2,173	2,147	1,310	1,841	2,527
Total Revenues, Before Payments Made on Behalf	\$ 84,932	\$ 86,893	\$ 89,574	\$ 96,192	\$ 92,340
Payments Made On-Behalf	23,637	22,379	43,606	31,032	11,752
Total Revenues	\$ 108,569	\$ 109,272	\$ 133,180	\$ 127,224	\$ 104,092

Note: Balances were based on audited financials.

NET TUITION & FEES, GRANTS & CONTRACTS, AND STATE APPROPRIATIONS REPRESENT A SIGNIFICANT PORTION OF THE UNIVERSITY'S REVENUES (Amounts in '000)



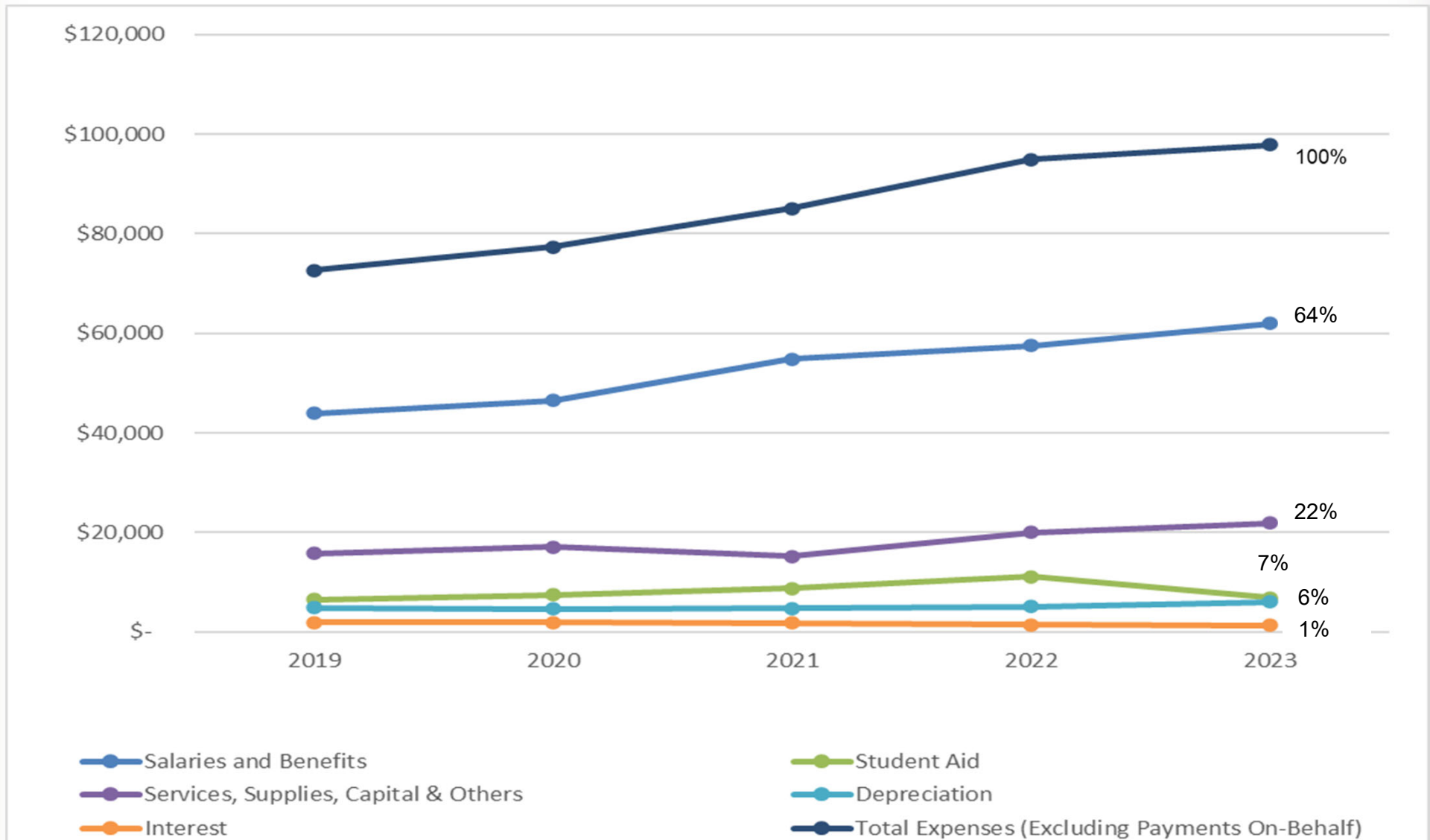
COMPONENTS OF EXPENSES

(Amounts in '000)

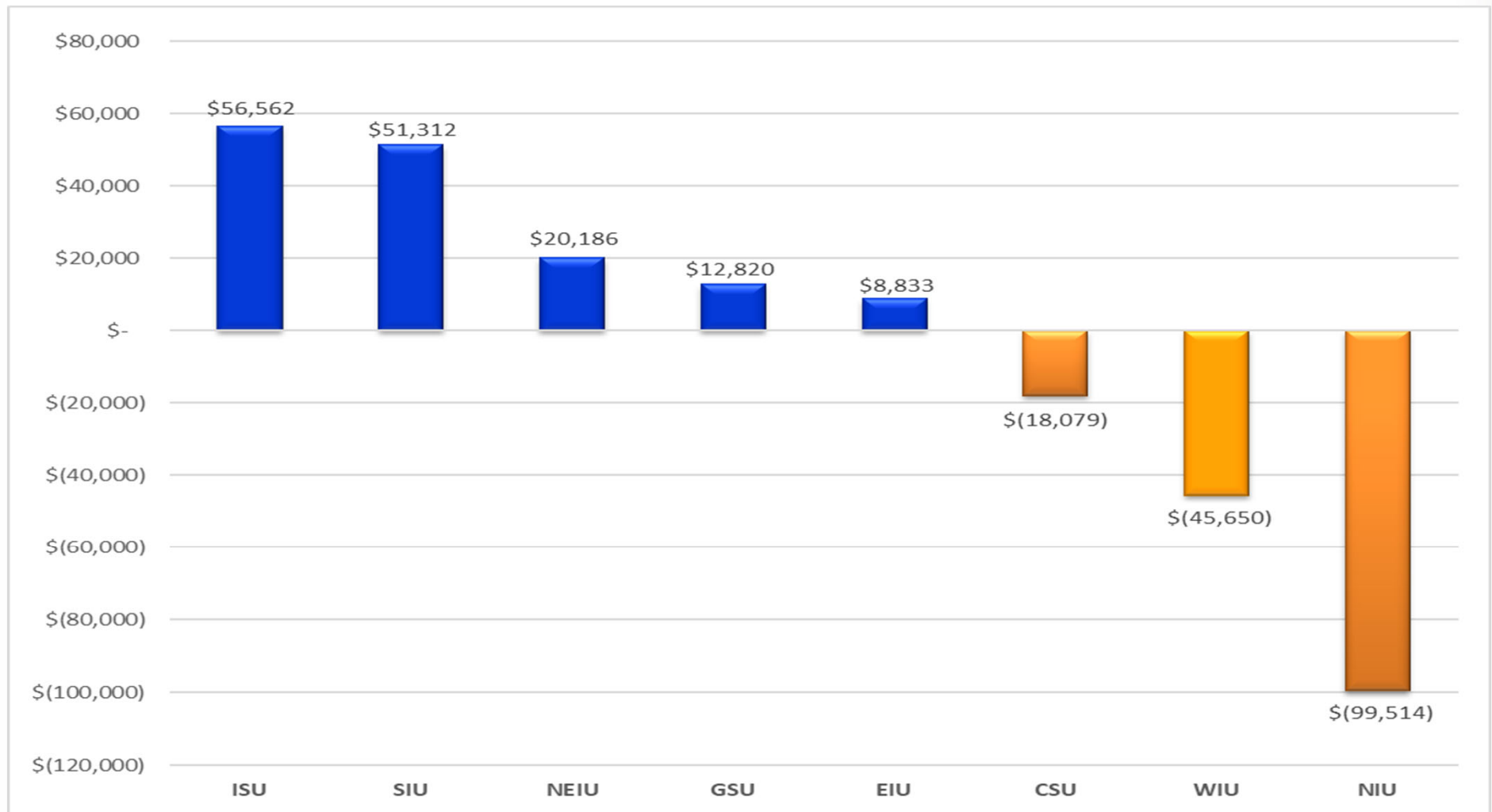
	2019	2020	2021	2022	2023
Salaries and Benefits	\$ 43,961	\$ 46,510	\$ 54,849	\$ 57,542	\$ 62,044
Student Aid	6,370	7,408	8,636	10,996	6,805
Capital Expenditures	698	1,103	2,142	2,633	2,237
Services, Supplies and Others	15,078	15,930	13,061	17,381	19,635
Depreciation	4,726	4,563	4,702	4,992	5,940
Interest Expense	1,865	1,825	1,710	1,361	1,207
Total Expenses, Before Payments Made on Behalf	\$ 72,698	\$ 77,339	\$ 85,100	\$ 94,905	\$ 97,868
Payments Made On-Behalf	23,637	22,379	43,606	31,032	11,752
Total Expenses	\$ 96,335	\$ 99,718	\$ 128,706	\$ 125,937	\$ 109,620

Note: Balances were based on audited financials.

SALARIES AND BENEFITS REPRESENT A SIGNIFICANT PORTION OF THE UNIVERSITY'S EXPENSES (Amounts in '000)



5-YEAR INCOME (LOSS) BEFORE OTHER REVENUES COMPARISON AMONG IL STATE UNIVERSITIES (Amounts in '000)



Note: Information was obtained from the audited financial statements of IL State universities posted on the Office of the Auditor General (OAG) website. University of Illinois was excluded from the comparison above.

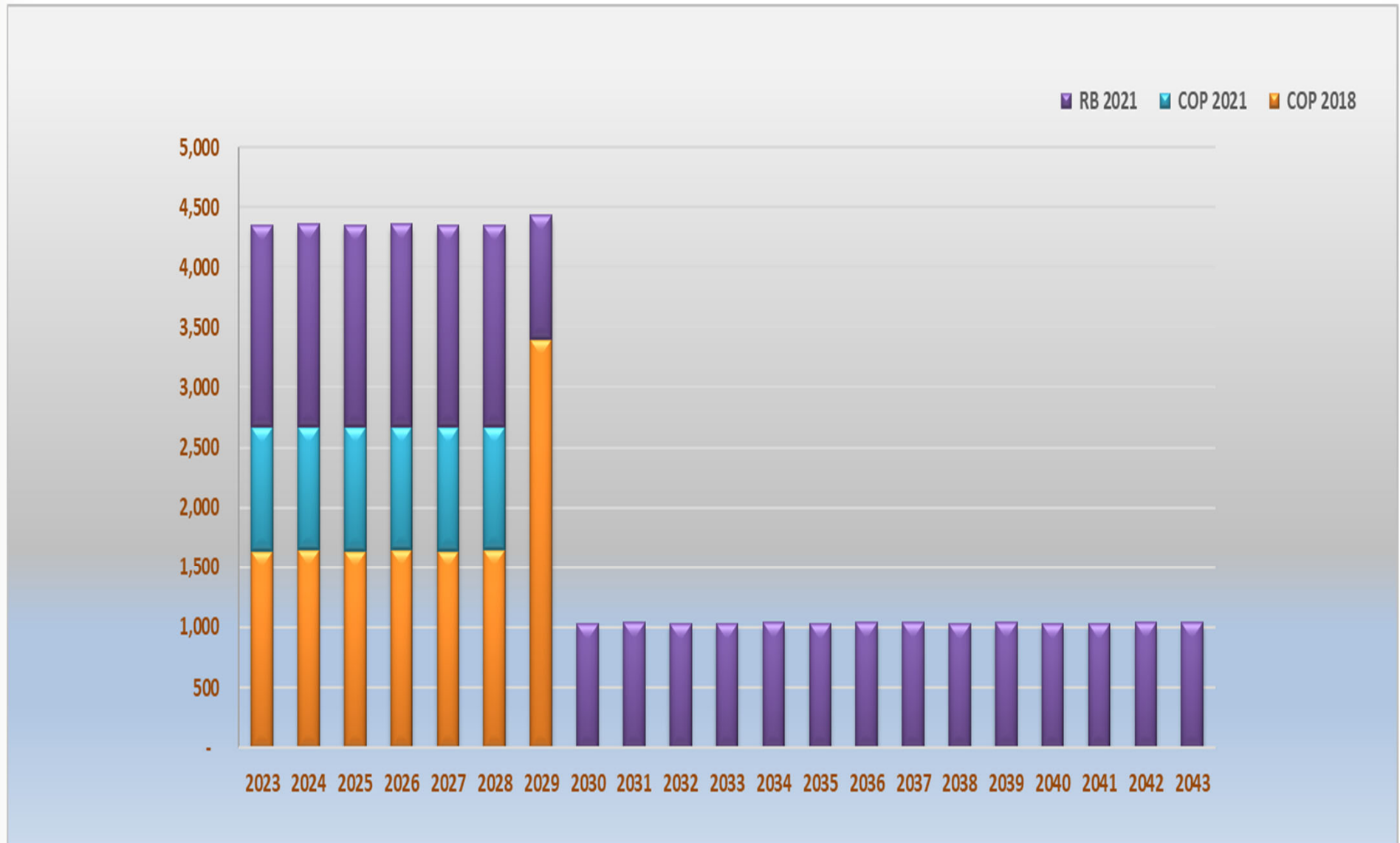
SUMMARY OF OUTSTANDING LONG-TERM DEBT

(Amounts in '000)

Debt Issued	2019	2020	2021	2022	2023
Revenue Bonds, Series 2007	\$ 4,895	\$ 4,435	\$ 3,955	\$ -	\$ -
Revenue Bonds, Series 2012	18,255	17,790	17,315	-	-
Revenue Bonds, Series 2021	-	-	-	18,845	17,900
Certificates of Participation, Series 2008	8,610	7,690	6,740	-	-
Certificates of Participation, Series 2018	12,740	12,740	11,875	10,980	9,860
Certificates of Participation, Series 2021	-	-	-	5,205	4,440
Total Outstanding Long-Term Debt	\$44,500	\$42,655	\$39,885	\$35,030	\$32,200

- Decreasing balance year to year due to principal payments.
- **FY 2019** - The University's issued \$13.55 million Certificates of Participation, Series 2018 to fund capital improvement projects.
- **FY 2022** - The University has successfully refinanced all of its callable debts to a lower all-in true interest cost. Series 2021 Revenue Bonds and Certificates of Participation were issued to refund in advance of maturity all of the outstanding principal on the Series 2007 Revenue Bonds, Series 2012 Revenue Bonds, and Series 2008 Certificates of Participation.

ANNUAL DEBT SERVICE (PRINCIPAL AND INTEREST)



UNIVERSITY'S DEBT RATING SIGNIFICANTLY IMPROVED FROM A NON-INVESTMENT GRADE IN FY19 TO AN INVESTMENT GRADE

Debt Issued	2019		2023	
	Moody's	S&P	Moody's	S&P
COP 2008	"B1", Stable	"BB+", Stable	<i>Fully Refinanced</i>	<i>Fully Refinanced</i>
COP 2018	-	<i>Insured only rating</i>	-	<i>Insured only rating</i>
COP2021	-	-	-	"BBB", Stable
RB 2007	"Ba3", Stable	"BB+", Stable	<i>Fully Refinanced</i>	<i>Fully Refinanced</i>
RB 2012	-	"BB+", Stable	<i>Fully Refinanced</i>	<i>Fully Refinanced</i>
RB 2021	-	-	-	"BBB", Stable

**Non-Investment
Grade Rating;
Stable Outlook**

**Investment
Grade Rating;
Stable Outlook**

AUDIT SUMMARY - FISCAL YEAR 2023 AUDIT

- As required by the Illinois State Auditing Act (30 ILCS 5/), the University is subject to Financial Audit, Federal Compliance Audit (Single Audit), and State Compliance Audit (“Audits”) by the State of Illinois Office of the Auditor General (OAG) on an annual basis.
- The audits for the Fiscal Year Ended June 30, 2023 were conducted on behalf of the OAG by the independent auditing firm Adelfia LLC.
- The University is subject to a large number of laws, rules and regulations. Just the Illinois Statutory Mandates alone, the University is subject to over 700 mandates. In addition to this, the University is also required to comply with the Illinois Administrative Rules, Federal Laws/Regulations, Accounting Principles/Standards, and the Information Systems and Cybersecurity Standards.
- The auditors have expressed an unmodified opinion (clean opinion) on the University’s Fiscal Year 2023 financial statements. This means that GSU financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the University as of and for the year ended June 30, 2023 in accordance with the accounting principles generally accepted in the United States of America.
- The University has made significant progress in addressing audit findings. For Fiscal Year 2023, the University’s audit ended with 12 audit report findings; a substantial improvement from the 20 audit report findings in Fiscal Year 2016. None of the findings were considered as material weakness.

LOOKING FORWARD...

The strongest effects on the financial operations of the University in Fiscal Year 2024 and beyond will lie in:

- The levels of operating and capital appropriations for the University (and for higher education as a whole) upon which the General Assembly and the Governor ultimately agree.
- The University's ability to market itself to new and continuing students to increase registered student credit hours (recruitment and retention).
- The University's ability to continue to innovate with new quality program offerings to the community.
- The University's ability to identify alternative revenue streams.

Questions and Answers



TAB 2