

**STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
FINANCIAL AUDIT  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
FINANCIAL AUDIT  
For the Years Ended June 30, 2017 and 2016

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The University's Compliance Examination (including the Single Audit) for the year ended June 30, 2017, which includes the report of the independent auditor, Schedule of Findings and Questioned Costs, and Supplementary Information for State Compliance Purposes, will be issued at a later date under a separate cover.

In accordance with *Government Auditing Standards*, we have also issued a report under a separate cover, entitled Report Required Under Government Auditing Standards for the Year Ended June 30, 2017, on our consideration of Eastern Illinois 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of the audit.

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
UNIVERSITY OFFICIALS  
FINANCIAL AUDIT  
FOR THE YEAR ENDED JUNE 30, 2017

**UNIVERSITY OFFICIALS**

President	Dr. David M. Glassman
Provost and Vice President for Academic Affairs	Dr. Blair M. Lord
Interim Vice President for Business Affairs	Mr. Paul A. McCann
Interim Vice President for Student Affairs	Ms. Lynette F. Drake
Vice President for University Advancement	Vacant
Interim Director of Business Services and Treasurer	Ms. Linda Holloway
General Counsel	Mr. Robert L. Miller
Director of Internal Auditing	Ms. Leigh C. Moon

**BOARD OF TRUSTEES** (as of June 30, 2017)

Chairperson	Mr. Joseph R. Dively
Vice Chairperson	Mr. Timothy Burke
Secretary	Mr. Carl Mito
Member	Ms. Barbara Baurer
Member	Mr. Daniel P. Caulkins
Member	Dr. Jan Spivey Gilchrist
Member	Mr. Phillip B. Thompson
Student Member	Ms. Maralea Negron

University offices are located at:

600 Lincoln Avenue  
Charleston, Illinois 61920

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
FINANCIAL STATEMENT REPORT SUMMARY  
For the Years Ended June 30, 2017 and 2016

**SUMMARY**

The audit of the accompanying financial statements of Eastern Illinois University was performed by CliftonLarsonAllen, LLP.

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

**EXIT CONFERENCE**

An exit conference was held on March 6, 2018. Attending were:

**Eastern Illinois University**

Mr. Paul McCann, Interim Vice President for Business Affairs  
Mr. Michael Hutchinson, Assistant Controller  
Mr. Josh Awalt, Assistant Vice President - ITS

**CliftonLarsonAllen LLP**

Mr. Michael T. Hillary, Principal

**Office of the Auditor General**

Ms. Peggy Hartson, Audit Manager

Independent Auditor's Report

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Eastern 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 aggregate discretely presented component units of Eastern Illinois University, a component unit of the State of Illinois, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise Eastern Illinois 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 audits. We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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. According, 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 audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Eastern Illinois University and its aggregate discretely presented component units, as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

As discussed in Note 23 to the financial statements, Public Act 100-0021 granted the University fiscal year 2017 appropriations, totaling \$16,753,700. Even though this law appropriated funds for the fiscal year ended June 30, 2017, it was enacted on July 6, 2017. To comply with GASB reporting requirements, the University has reported this appropriation as revenue on the fiscal year ending June 30, 2018.

As discussed in Note 24 to the financial statements, the University has corrected an error in the June 30, 2016 financial statements to properly reflect all non-capital assets associated with its Auxiliary Facilities Systems as restricted and the net position as restricted - expendable.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 to 14 and pension information on pages 58 and 59 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastern Illinois University's basic financial statements. The Unaudited Data Required by Revenue Bond Resolutions is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Unaudited Data Required by Revenue Bond Resolutions 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.

In connection with our audit, nothing came to our attention that caused us to believe that the Eastern Illinois University Auxiliary Facilities System failed to comply with terms, covenants, or provisions of the Resolutions of the Eastern Illinois University Auxiliary Facilities System Revenue Bonds (Series 2005 and 2008B) in so far as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such compliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the University's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the indentures, insofar as they relate to accounting matters.

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

The communication related to compliance with the aforementioned indentures described in the Other Matters paragraph is intended solely for the information and use of the Board of Trustees and management of the University and U.S. Bank and is not intended to be and should not be used by anyone other than these specified parties.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2018, on our consideration of Eastern Illinois 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 Eastern Illinois 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 Eastern Illinois University's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

Peoria, Illinois  
March 12, 2018

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Years Ended June 30, 2017 and 2016

This section of the Eastern Illinois University (the University) annual financial report presents management's discussion and analysis (MD&A) of the financial performance of the University during the fiscal years ended June 30, 2017 and 2016 with comparative information for the year ended June 30, 2015. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes and this discussion are the responsibility of the University's management.

**Reporting Entity**

Eastern Illinois University is an institution of higher education and is considered to be a component unit of the State of Illinois because the Governor of the State of Illinois appoints its Board of Trustees. Accordingly, the University is included in the State's financial statements as a discrete component unit. Transactions with the State of Illinois relate primarily to appropriations for operations, grants from various State agencies, funding of capital projects and payments for employee benefits.

The University is a comprehensive, regional service institution located in Charleston, Illinois on approximately 320 acres. The University consists of 73 buildings, including 12 residence halls and 17 apartment buildings. The University enrolls approximately 7,400 students and employs approximately 1,550 faculty and staff. The University is primarily an undergraduate institution. Originally established in 1895 as a teachers' college, today the University encompasses four colleges and a graduate school. Undergraduate degrees are offered through the College of Arts and Humanities, the Lumpkin College of Business and Applied Sciences (which includes the School of Family and Consumer Sciences and the School of Technology), the College of Sciences, and the College of Education and Professional Studies. Master degrees, and in some cases specialist degrees, are offered at the graduate level in each of the colleges. In addition to its on-campus programs, the University maintains a strong continuing education program.

**Using the Annual Report**

These financial statements are prepared in accordance with guidance found in the statements issued by the Governmental Accounting Standards Board (GASB), including GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*; GASB Statement No. 37, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. These statements focus on the financial condition of the University, the results of operations and cash flows of the University as a whole.

As prescribed by GASB Statement No. 35, this annual report includes three financial statements: the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements encompass the University and its discretely presented component units. The Combining Statements of Net Position; Combining Statements of Revenues, Expenses and Changes in Net Position; and Combining Statements of Cash Flows show the combining of the major discretely presented component units and are not discussed in this MD&A. The accompanying notes to the financial statements provide more detailed information regarding the items presented on the face of the financial statements. Information regarding these component units, including their separately issued financial statements, is summarized in Note 1 to the financial statements. This MD&A focuses on the University excluding the discretely presented component units. MD&A for these component units is included in their separately issued financial statements. An explanation of the financial statement presentation follows.

The Statement of Net Position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University using the accrual basis of accounting and presents the financial position of the University at a specified point in time. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, known as net position, is one indicator of the current financial condition of the University. The increase or decrease in net position that occurs over time indicates the improvement or erosion of the University's financial condition.

STATE OF ILLINOIS  
 EASTERN ILLINOIS UNIVERSITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Years Ended June 30, 2017 and 2016

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the fiscal year. Revenues and expenses are reported as either operating or nonoperating. Under the current reporting model, a significant portion of the University's revenue is considered nonoperating. State appropriations of \$31,812,000 and \$12,464,500, respectively, and payments on behalf of the University of \$76,213,363 and \$68,730,270, respectively, are reported as nonoperating revenues and results in the University showing operating losses of \$126,404,548 and \$118,927,141 for the years ended June 30, 2017 and 2016, respectively.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities.

**Financial Highlights**

During the year ended June 30, 2017, the University's net position decreased by approximately \$0.4 million to \$213.0 million. During the year ended June 30, 2016, the University's net position decreased by approximately \$19.7 million to \$213.4 million. In both years, the University's appropriation was lower than the historical average.

**Statement of Net Position**

Condensed Statement of Net Position, as of June 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>			
Current assets	\$ 40,425,626	\$ 39,824,756	\$ 62,373,164
Noncurrent assets			
Capital	279,406,670	287,467,406	295,410,246
Other	10,524,816	10,284,901	11,066,816
Total noncurrent assets	<u>289,931,486</u>	<u>297,752,307</u>	<u>306,477,062</u>
Total assets	<u>\$ 330,357,112</u>	<u>\$ 337,577,063</u>	<u>\$ 368,850,226</u>
Deferred outflows of resources	<u>\$ 160,167</u>	<u>\$ 158,747</u>	<u>\$ 230,767</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 330,517,279</u></u>	<u><u>\$ 337,735,810</u></u>	<u><u>\$ 369,080,993</u></u>
<b>Liabilities</b>			
Current liabilities	\$ 19,501,979	\$ 20,732,735	\$ 25,526,557
Noncurrent liabilities	97,964,865	103,599,854	110,457,580
Total liabilities	<u>\$ 117,466,844</u>	<u>\$ 124,332,589</u>	<u>\$ 135,984,137</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 189,502,198	\$ 192,807,394	\$ 194,513,156
Restricted			
Nonexpendable	5,093,655	4,958,720	5,123,237
Expendable	23,923,299	21,847,996	19,184,496
Unrestricted	<u>(5,468,717)</u>	<u>(6,210,889)</u>	<u>14,275,967</u>
Total net position	<u><u>\$ 213,050,435</u></u>	<u><u>\$ 213,403,221</u></u>	<u><u>\$ 233,096,856</u></u>

University assets totaled about \$330.4 and \$338.6 million at June 30, 2017 and 2016, respectively. The largest asset of the University is its net investment in land, buildings, and equipment which totaled approximately \$279.4 and \$287.5 million at June 30, 2017 and 2016, respectively.

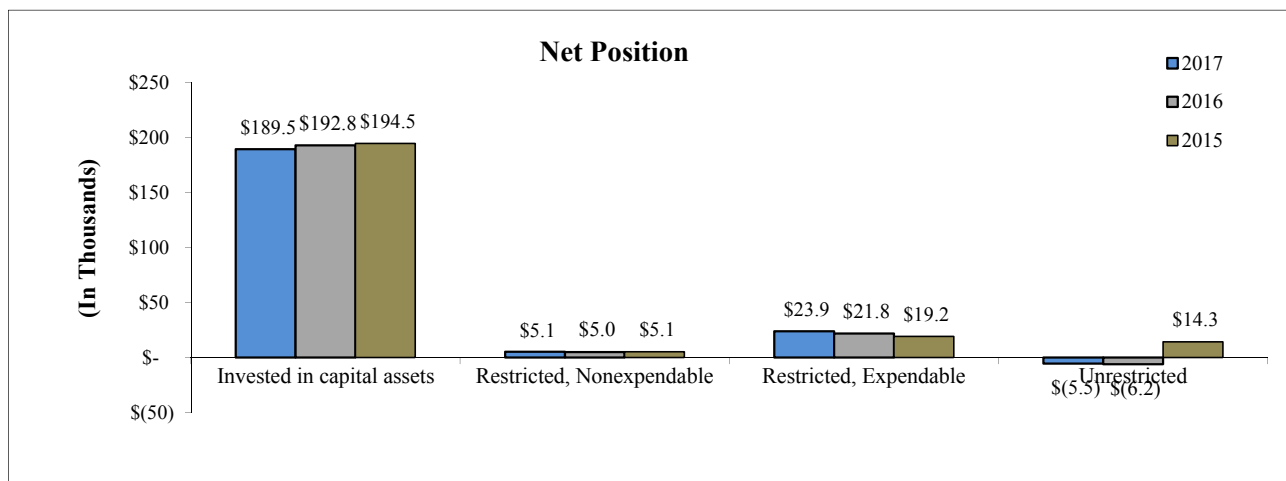


STATE OF ILLINOIS  
 EASTERN ILLINOIS UNIVERSITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Years Ended June 30, 2017 and 2016

University liabilities totaled approximately \$117.5 and \$125.3 million at June 30, 2017 and 2016, respectively. Long-term debt of approximately \$105.0 and \$111.3 million at June 30, 2017 and 2016, respectively, is the largest portion of the liability. Long-term liabilities consisted of bonds payable, certificates of participation, accrued compensated absences, housing and registration deposits, and the University's obligation to refund certain amounts under federal loan programs.

The University's current assets of approximately \$40.4 and \$39.8 million for June 30, 2017 and 2016, respectively, were sufficient to cover the current liabilities of approximately \$19.5 and \$20.7 million for June 30, 2017 and 2016, respectively. The current ratio of current assets to current liabilities was \$2.07 and \$1.92 in current assets for every \$1 in current liabilities at June 30, 2017 and 2016, respectively.

The following graph shows net position by classification and restriction:



**Capital Assets and Related Financing Activities**

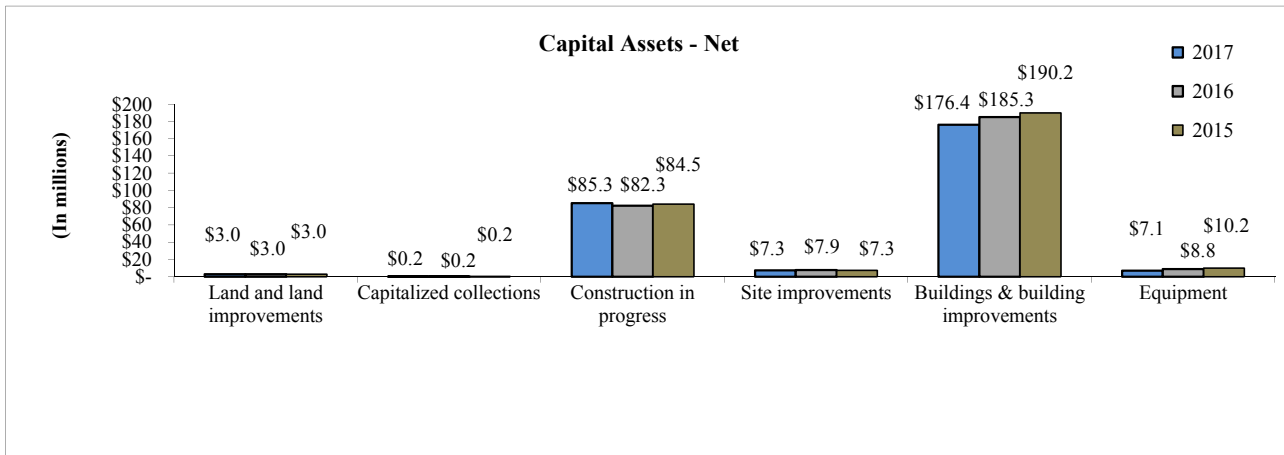
The Eastern Illinois University facilities include 73 buildings totaling about 3 million gross square feet. Funding from state, private, borrowed, and internal sources are used to accomplish the capital objectives of the University.

During the year ended June 30, 2016, the University suspended most renovations to campus facilities to conserve its cash position. University capital additions totaled approximately \$7.0 and \$9.0 million for fiscal years 2017 and 2016, respectively. This includes continuing energy savings projects, residence hall and classroom renovations and improvements, and an addition to the Tarble Arts Center.

The University had approximately \$9.4 and \$10.9 million of bonded debt outstanding and \$82.2 and \$85.9 million of certificates of participation outstanding at June 30, 2017 and 2016, respectively. For more information concerning capital assets, construction in progress, bonds payable, lease obligations, and COPS payable, see Notes 6, 7, 10, 11, 12, and 13.

STATE OF ILLINOIS  
 EASTERN ILLINOIS UNIVERSITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Years Ended June 30, 2017 and 2016

The following chart shows the breakdown of the University's capital assets, net of depreciation, by category:



**Statement of Revenues, Expenses and Changes in Net Position**

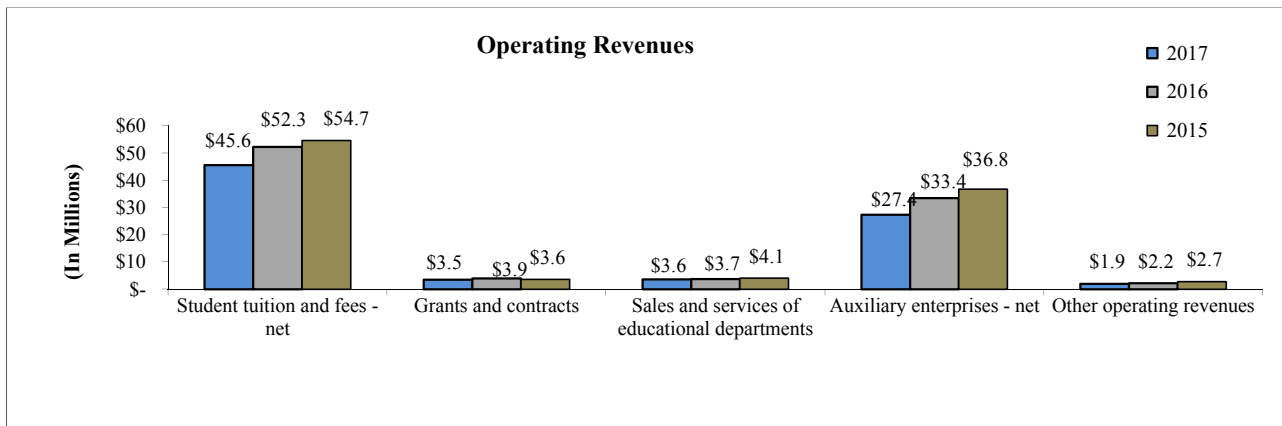
Condensed Statement of Revenues, Expenses and Changes in Net Position  
 For the years ended June 30,

	2017	2016	2015
Operating revenues			
Tuition and fees, net	\$ 45,641,268	\$ 52,312,571	\$ 54,735,045
Grants and contracts	3,519,142	3,913,450	3,573,892
Auxiliary enterprises	27,364,130	33,448,968	36,783,016
Other operating revenues	5,507,290	5,949,996	6,878,107
Total operating revenues	<u>82,031,830</u>	<u>95,624,985</u>	<u>101,970,060</u>
Operating expenses	208,436,378	214,552,126	242,087,599
Operating income (loss)	<u>(126,404,548)</u>	<u>(118,927,141)</u>	<u>(140,117,539)</u>
Nonoperating revenues (net of expenses)			
State appropriations	31,812,000	12,464,500	42,923,858
Payments on behalf of the University	76,213,363	68,730,270	69,150,918
Other net nonoperating revenues (expenses)	18,018,471	19,155,283	24,214,631
Net nonoperating revenues and expenses	<u>126,043,834</u>	<u>100,350,053</u>	<u>136,289,407</u>
Income (loss) before capital contributions	(360,714)	(18,577,088)	(3,828,132)
Capital appropriations	-	-	514,755
Assets donated by other State agencies	(2,756)	7,047	958,332
Other revenues and expense	10,684	(1,123,594)	3,720,666
Total increase (decrease) in net position	<u>(352,786)</u>	<u>(19,693,635)</u>	<u>1,365,621</u>
Net position-beginning of year	<u>213,403,221</u>	<u>233,096,856</u>	<u>231,731,235</u>
Net position-end of year	<u>\$ 213,050,435</u>	<u>\$ 213,403,221</u>	<u>\$ 233,096,856</u>

**Operating Revenues**

Total operating revenues for fiscal year 2017 and 2016 totaled \$82.0 and \$95.6 million, respectively. The most significant sources of operating revenues were tuition and fees, grants and contracts, and auxiliary services as shown in the graph below:

STATE OF ILLINOIS  
 EASTERN ILLINOIS UNIVERSITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Years Ended June 30, 2017 and 2016



Due to a budget impasse, State appropriations decreased significantly by approximately \$30.5 million from fiscal year 2015 to 2016. The fiscal year 2017 State appropriation increased to \$31.8 million.

Other non-operating revenues of \$18.0 and \$19.2 million in fiscal years 2017 and 2016, respectively, were primarily due to federal Pell grants and State MAP grants.

During fiscal year 2005, the "Truth in Tuition" regulations took affect (a first time attendee is guaranteed the same tuition rate for four years as long as they are undergraduates). For fiscal year 2017, tuition was increased 1.4% over fiscal year 2016. Tuition was increased 0.7% from fiscal year 2015 to 2016. Decreases in enrollment caused net tuition and fee revenue to decrease between fiscal years 2015 and 2017.

**Tuition and Fees**

The University's tuition and fees have consistently been one of the lowest out of the nine State universities in Illinois. It is currently only one of two public universities to continue to offer textbook rental as a service to students, rather than requiring students to spend hundreds of dollars for textbooks each year. The following explains the rates for tuition and fees for a student attending 12 or more hours during the Fall and Spring semesters of fiscal years 2017 through 2015.

Full-time Undergraduates	2017	2016	2015
In-State			
Continuing Non-Guaranteed	\$287.00/hour + \$1,272.68 fees/semester	\$283.00/hour + \$1,198.70 fees/semester	\$269.00/hour + \$1,104.00 fees/semester
New Students FY12	\$269.00/hour + \$1,381.64 fees/semester	\$269.00/hour + \$1,307.66 fees/semester	\$269.00/hour + \$1,230.96 fees/semester
New Students FY13	\$279.00/hour + \$1,381.64 fees/semester	\$279.00/hour + \$1,307.66 fees/semester	\$279.00/hour + \$1,230.96 fees/semester
New Students FY14	\$283.00/hour + \$1,381.64 fees/semester	\$283.00/hour + \$1,307.66 fees/semester	\$283.00/hour + \$1,230.96 fees/semester

STATE OF ILLINOIS  
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 MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<u>2017</u>	<u>2016</u>	<u>2015</u>
New Students FY15	\$283.00/hour + \$1,381.64 fees/semester	\$283.00/hour + \$1,307.66 fees/semester	\$283.00/hour + \$1,230.96 fees/semester
New Students FY16	\$285.00/hour + \$1,381.64 fees/semester	\$285.00/hour + \$1,307.66 fees/semester	
New Students FY17	\$289.00/hour + \$1,381.64 fees/semester		
Out-of-State			
Continuing Non-Guaranteed	\$361.00/hour + \$1,272.68 fees/semester	\$356.00/hour + \$1,198.70 fees/semester	\$780.00/hour + \$1,104.00 fees/semester
New Students FY12	\$356.00/hour + \$1,381.64 fees/semester	\$356.00/hour + \$1,306.77 fees/semester	\$807.00/hour + \$1,230.93 fees/semester
New Students FY13	\$356.00/hour + \$1,381.64 fees/semester	\$356.00/hour + \$1,307.66 fees/semester	\$837.00/hour + \$1,230.93 fees/semester
New Students FY14	\$356.00/hour + \$1,381.64 fees/semester	\$356.00/hour + \$1,307.66 fees/semester	\$849.00/hour + \$1,230.93 fees/semester
New Students FY15	\$356.00/hour + \$1,307.66 fees/semester	\$356.00/hour + \$1,307.66 fees/semester	\$849.00/hour + \$1,230.96 fees/semester
New Students FY16	\$356.00/hour + \$1,381.64 fees/semester	\$356.00/hour + \$1,307.66 fees/semester	
New Students FY17	\$361.00/hour + \$1,381.64 fees/semester		
Full-time Graduates			
In-State and entered prior to fall 2007 semester	\$289.00/hour + \$1,275.68 fees/semester	\$285.00/hour + \$1,201.70 fees/semester	\$283.00/hour + \$1,107.00 fees/semester
In-State and entered in fall 2007 semester or after	\$289.00/hour + \$1,384.64 fees/semester	\$285.00/hour + \$1,310.66 fees/semester	\$283.00/hour + \$1,233.96 fees/semester
Out-of-State and entered prior to fall 2007 semester	\$694.00/hour + \$1,275.68 fees/semester	\$684.00/hour + \$1,201.70 fees/semester	\$679.00/hour + \$1,107.00 fees/semester
Out-of-State and entered in fall 2007 semester or after	\$694.00/hour + \$1,384.64 fees/semester	\$684.00/hour + \$1,310.66 fees/semester	\$679.00/hour + \$1,233.96 fees/semester

STATE OF ILLINOIS  
 EASTERN ILLINOIS UNIVERSITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Years Ended June 30, 2017 and 2016

**Room and Board**

The University currently has 12 traditional residence halls and a village of fraternity and sorority residences (“Greek Court”), with a capacity of approximately 4,700 students. In addition, there are 154 married and graduate student apartments (“University Apartments”) and 146 undergraduate apartment units in 11 buildings (“University Court”). For Fall 2016 and 2015, respectively, the residence halls were about 41% and 52% occupied, the University Apartments were about 42% and 52% occupied, and University Court was 91% and 99% occupied.

The following table outlines the rates charged for room and board:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
University Apartments			
Efficiency	\$488/month	\$488/month	\$478/month
One bedroom	\$513/month	\$513/month	\$503/month
Super efficiency	\$457/month	\$457/month	\$448/month
University Court	Rates vary from \$2,460 to \$3,302 per semester	Rates vary from \$2,460 to \$3,290 per semester	Rates vary from \$2,412 to \$3,225 per semester
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Residence Halls			
7 Plus Meal Plan	\$4,233/semester	\$4,233/semester	\$4,150/semester
10 Plus Meal Plan	\$4,422/semester	\$4,422/semester	\$4,335/semester
12 Plus Meal Plan	\$4,588/semester	\$4,588/semester	\$4,498/semester
15 Plus Meal Plan	\$4,773/semester	\$4,773/semester	\$4,679/semester

The Plus Meal Option permits each student the flexibility to make purchases at various campus locations, including any residence hall dining center, the food court within the University Union, and campus convenience centers.

**Operating Expenses**

GASB Statement No. 35 gives the reporting entities the choice of reporting expenses in functional or natural classifications. The University chose to report the expenses in their functional categories on the face of the statement and has displayed the natural categories in the footnotes to the financial statements. The operating expenses for fiscal year 2017, including depreciation of \$14.9 million, totaled \$208.4 million. Under the functional classifications, \$124.3 million, or 60%, was used for instruction, student aid, and student services; \$24.6 million, or 12%, was used for auxiliary services; \$27.2 million, or 13%, was used for operations and maintenance of plant and depreciation; \$11.3 million, or 5%, was used for institutional support, which includes such areas as computer services and University police; \$15.1 million, or 7%, was used for academic support, for such areas as the library and various dean' offices; and \$5.9 million, or 3%, was used for research and public service, for such areas as grants and contracts.

Under the natural classifications, \$164.4 million, or 79%, was used for compensation and benefits; \$26.6 million, or 13%, was used for supplies, contractual services, travel, repairs and maintenance, utilities and other; \$2.6 million, or 1%, was used for scholarships; and \$14.9 million, or 7%, was depreciation.

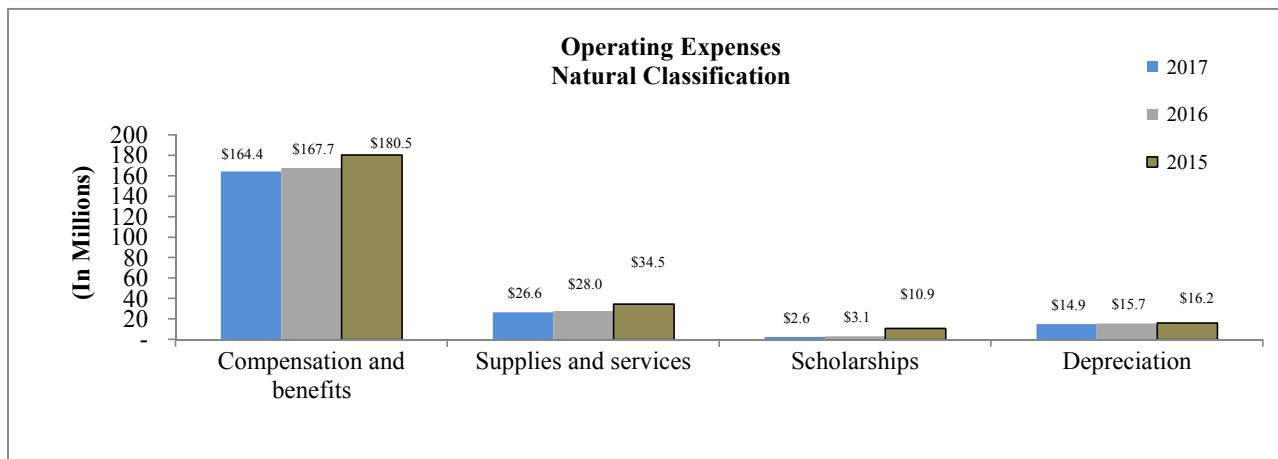
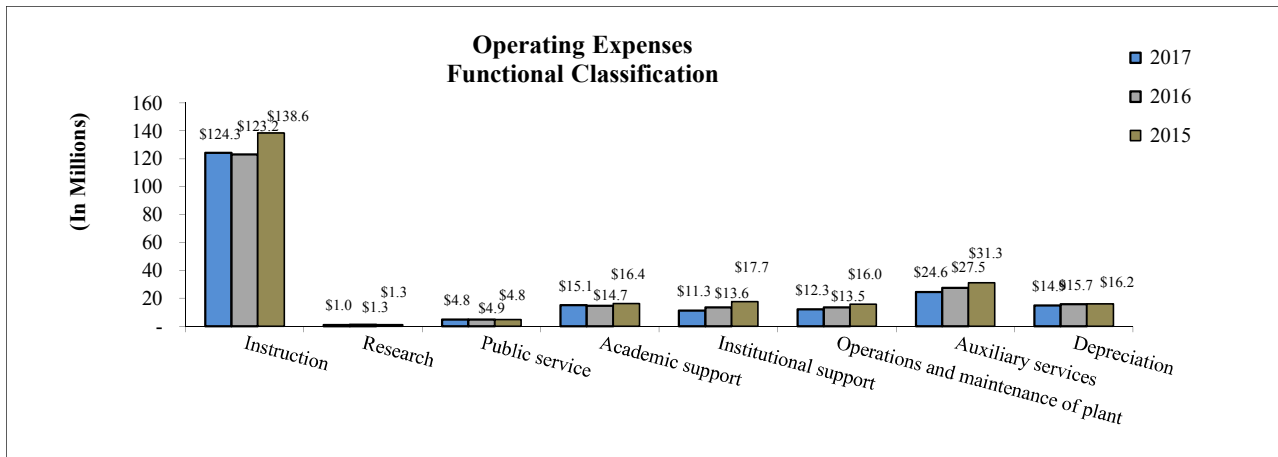
The operating expenses for fiscal year 2016, including depreciation of \$15.7 million, totaled \$214.6 million. Under the functional classifications, \$123.2 million, or 57%, was used for instruction, student aid, and student services; \$27.5 million, or 13%, was used for auxiliary services; \$29.3 million, or 14%, was used for operations and maintenance of plant and depreciation; \$13.6 million, or 6%, was used for institutional support, which includes such areas as computer services and University police; \$14.7 million, or 7%, was used for academic support, for such areas as the library and various dean' offices; and \$6.2 million, or 3%, was used for research and public service, for such areas as grants and contracts.

Under the natural classifications, \$167.7 million, or 77%, was used for compensation and benefits; \$28.0 million, or 14%, was used

STATE OF ILLINOIS  
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 For the Fiscal Years Ended June 30, 2017 and 2016

for supplies, contractual services, travel, repairs and maintenance, utilities and other; \$3.1 million, or 2%, was used for scholarships; and \$15.7 million, or 7%, was depreciation.

Operating expenses are shown in the following graphs, by both functional and natural classifications:



**Other**

For both fiscal years 2017 and 2016, payments on behalf of the University were the largest source of nonoperating revenues at \$76.2 and \$68.7 million, respectively.

Interest expense on outstanding debt was the largest category of nonoperating expenses for both fiscal years 2017 and 2016. For fiscal years 2017 and 2016, interest expense was \$1.5 and \$1.7 million, respectively.

**Statement of Cash Flows**

The Statement of Cash Flows provides information about the University’s sources and uses of cash and cash equivalents during the fiscal year.

STATE OF ILLINOIS  
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 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Years Ended June 30, 2017 and 2016

Condensed Statement of Cash Flows  
 For the years ended June 30,

	2017	2016	2015
Cash provided (used) by:			
Operating activities	\$ (39,392,008)	\$ (41,160,832)	\$ (54,763,751)
Noncapital financing activities	50,846,449	39,077,864	71,482,994
Capital and related financing activities	(13,590,962)	(17,952,708)	(22,652,599)
Investing activities	361,102	82,672	(1,375,589)
Net increase (decrease) in			
cash and cash equivalents	(1,775,419)	(19,953,004)	(7,308,945)
Cash and cash equivalents, beginning of year	18,180,404	38,133,408	45,442,353
Cash and cash equivalents, end of year	<u>\$ 16,404,985</u>	<u>\$ 18,180,404</u>	<u>\$ 38,133,408</u>

Major sources of funds included in operating activities are student tuition and fees and auxiliary services. Student tuition and fees provided \$40.0 and \$48.2 million for fiscal years 2017 and 2016, respectively. Auxiliary enterprises income provided \$27.6 and \$33.1 million for fiscal years 2017 and 2016, respectively. The major source of funds included in noncapital financing activities for each year is State appropriations, which provided \$31.8 and \$18.0 million for fiscal years 2017 and 2016, respectively. Another major source and use of funds included in noncapital financing activities is student loan receipts and disbursements, which were \$36.6 and \$45.9 million in fiscal years 2017 and 2016, respectively.

The net cash used by capital and related financing activities represents numerous purchases of capital assets, as well as costs incurred for many campus construction projects in progress.

**The University's Economic Outlook**

The University's mission is to "provide superior, yet accessible, undergraduate and graduate education." The University's ability to meet that mission is directly related to its enrollment, State support, and private gifts.

*State appropriations*. State appropriations declined from \$42.9 million in fiscal year 2015 to \$12.5 million in fiscal year 2016. This unexpected decline resulted in the University using funds held in reserve to cover operating losses. The University received an appropriation from the State in fiscal year 2017 amounting to \$31.8 million.

*Tuition and fees*. Since 2003, the University has been limited in its ability to increase tuition. Under Public Act 93-0228, tuition charged to an undergraduate student cannot increase, above the amount charged when the student enrolled, for four continuous academic years, with limited exceptions. Consequently, the University must establish a tuition rate for incoming students that takes into account all potential cost increases and the rate of inflation. For the fall semester of 2017, the University increased tuition and fee rates for incoming students \$3 per credit hour, or 1.0%, over the rate paid by students starting in the fall semester of 2016. Although the political climate for State appropriations is uncertain, the University is estimating an increase in tuition of between 1.0% to 2.0% for the fall semester of 2018.

*Enrollment*. After several years of declining enrollment, the University is striving to stabilize its enrollment. The first step in that process is to receive from the State a stable appropriation. The University's administration is working closely with the Legislature and Governor to achieve that goal. In addition, the University is looking at rebranding itself and expanding its marketing efforts to let people know the value of Eastern Illinois University.

*Housing*. University-owned housing rates are not under the same limitations as tuition. However, they are limited by rates charged in the local housing market for similar accommodations. All freshman are required to live in University-owned housing, and all other students are encouraged to live there, because it has been the University's experience that students living in University-owned housing graduate at a higher rate and with higher grade point averages. For the fall semester of 2017, the typical room and board rate for a full time student remained \$4,588, with no change from the fall semester of 2016.

*Gifts and grants*. As other funding sources decline, private gifts become a more important source of funding for University

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operations. In association with the Eastern Illinois University Foundation, about \$28 million was raised in new gifts and additions to the endowment during fiscal year 2017. The Foundation's annual return on its endowment in fiscal year 2017 was 10.7%, which is 0.1% higher than the Broad Policy Index return of 10.6%.

*Bargaining agreements.* The University currently has an agreement with the University Professionals of Illinois (UPI) Local 4100 (the union representing University faculty members) through August of 2018. UPI represents approximately 420 faculty members on campus and is the single largest union representing employees on campus. The University believes it has good working relationships with the various unions representing its employees.

*Vitalization Initiative.* Due to a continuing environment of reductions in revenues due to both lower enrollments and State appropriations, the University has begun a process to assess the viability, efficiency, and sustainability of the University's academic and other programs and services. Nine committees are charged with producing recommendations to the University's President and Board of Trustees on the current academic programs, student services, information technology, intercollegiate athletics, enrollment management, facilities, marketing and branding, and academic visioning. The recommendations are being used to enhance University programs and services.

Users of these financial statements with additional questions or requests for additional financial information should contact:

Eastern Illinois University  
Business Office  
600 West Lincoln Avenue  
Charleston, IL 61920



STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
STATEMENTS OF NET POSITION  
AS OF JUNE 30, 2017 AND 2016

	University		Component Units	
	2017	2016	2017	2016
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 808,481	\$ 1,083,115
Restricted cash and cash equivalents	16,404,985	18,180,404	6,296,809	6,396,814
Short-term investments	173,714	180,564	1,315,400	779,117
Restricted short-term investments	124,120	122,038	6,407,527	6,373,888
Accounts receivable, net of allowance for doubtful accounts	20,703,201	18,273,280	366,274	443,322
State appropriation receivable	-	8,000	-	-
Interest receivable	550	624	-	-
Inventories	1,580,142	1,672,975	-	-
Notes receivable, current portion, net of allowance for doubtful accounts	936,225	920,530	-	-
Other assets	502,689	466,341	29,366	33,866
Total current assets	40,425,626	39,824,756	15,223,857	15,110,122
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	-	-	1,560,157	1,639,241
Notes receivable, less current portion, net of allowance for doubtful accounts	5,357,589	5,325,596	-	-
Endowment investments	5,155,843	4,944,577	51,382,659	49,953,375
Restricted investments	-	-	25,251,933	19,901,182
Other long-term investments	-	-	1,240,870	1,084,162
Other long-term assets	11,384	14,728	102,714	371,966
Capital assets, net of accumulated depreciation	279,406,670	287,467,406	1,857,624	1,892,266
Total noncurrent assets	289,931,486	297,752,307	81,395,957	74,842,192
Total assets	330,357,112	337,577,063	96,619,814	89,952,314
<b>Deferred Outflows of Resources</b>				
Employer contributions subsequent to pension liability measurement date	160,167	158,747	-	-
Total Assets and Deferred Outflows of Resources	\$ 330,517,279	\$ 337,735,810	\$ 96,619,814	\$ 89,952,314
<b>Liabilities and Net Position</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 9,174,132	\$ 9,255,877	\$ 101,212	\$ 45,644
Unearned revenue	3,314,860	3,807,428	-	-
Long-term liabilities, current portion	7,012,987	7,669,430	35,042	34,998
Total current liabilities	19,501,979	20,732,735	136,254	80,642
<b>Noncurrent liabilities:</b>				
Long-term liabilities, less current portion	92,247,075	97,839,914	169,491	183,989
Due to others	-	-	4,064,448	3,954,355
Federal loan program contributions refundable	5,717,790	5,759,940	-	-
Total noncurrent liabilities	97,964,865	103,599,854	4,233,939	4,138,344
Total liabilities	117,466,844	124,332,589	4,370,193	4,218,986
<b>Net position:</b>				
Net investment in capital assets	189,502,198	192,807,394	1,857,624	1,892,266
Restricted:				
Nonexpendable				
Endowments	5,093,655	4,958,720	53,171,796	51,990,211
Expendable				
Scholarships and fellowships	328,087	181,124	-	-
Instructional department uses	3,754,286	3,478,940	-	-
Loans	1,468,731	1,460,715	-	-
Debt service	3,314,770	3,144,852	-	-
Bond system	15,057,425	13,582,365	-	-
Other	-	-	33,863,643	28,893,563
Unrestricted	(5,468,717)	(6,210,889)	3,356,558	2,957,288
Total net position	\$ 213,050,435	\$ 213,403,221	\$ 92,249,621	\$ 85,733,328

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

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	University		Component Units	
	2017	2016	2017	2016
<b>Operating Revenues</b>				
Student tuition and fees (net of scholarship allowance of \$23,405,522 in fiscal year 2017 and \$26,292,765 in fiscal year 2016)	\$ 45,641,268	\$ 52,312,571	\$ -	\$ -
Federal grants & contracts	539,135	837,087	-	-
State grants & contracts	1,317,842	1,497,063	-	-
Local grants & contracts	113,328	119,841	-	-
Private grants & contracts	1,548,837	1,459,459	-	-
Sales and services of educational departments	3,557,412	3,701,190	-	-
Auxiliary enterprises (net of scholarship allowances of \$3,648,233 in fiscal year 2017 and \$4,479,501 in fiscal year 2016)	27,364,130	33,448,968	-	-
Gifts	-	-	1,925,249	1,727,472
Service contract with University	-	-	110,543	138,948
Budget allocation from the University	-	-	381,328	302,346
Membership dues	-	-	41,960	52,380
Royalties and merchandise sales	-	-	28,000	26,000
Other operating revenues	1,949,878	2,248,806	202,773	244,268
<b>Total operating revenues</b>	<b>\$ 82,031,830</b>	<b>\$ 95,624,985</b>	<b>\$ 2,689,853</b>	<b>\$ 2,491,414</b>
<b>Operating Expenses</b>				
Operating expenses				
Educational and general				
Instruction	101,815,265	99,454,504	-	-
Research	1,036,870	1,253,784	-	-
Public service	4,834,413	4,932,065	-	-
Academic support	15,132,923	14,733,511	-	-
Student services	19,509,201	20,083,651	-	-
Institutional support	11,342,631	13,620,911	1,159,634	1,052,640
Operations and maintenance of plant	12,257,442	13,545,234	-	-
Student aid	2,952,220	3,664,323	-	-
Auxiliary enterprises	24,632,750	27,522,283	-	-
Depreciation expense	14,922,663	15,741,860	34,642	34,642
<b>Total operating expenses</b>	<b>\$ 208,436,378</b>	<b>\$ 214,552,126</b>	<b>\$ 1,194,276</b>	<b>\$ 1,087,282</b>
<b>Operating income (loss)</b>	<b>\$ (126,404,548)</b>	<b>\$ (118,927,141)</b>	<b>\$ 1,495,577</b>	<b>\$ 1,404,132</b>

*The accompanying notes are an integral part of these financial statements.*

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	University		Component Units	
	2017	2016	2017	2016
<b>Nonoperating Revenues (Expenses)</b>				
State appropriations	\$ 31,812,000	\$ 12,464,500	\$ -	\$ -
Payments on behalf of the University	76,213,363	68,730,270	-	-
Gifts	2,751,384	2,030,781	-	-
Investment income (net)	355,661	189,875	2,017,289	\$ 1,890,476
Net increase (decrease) in fair value of investments	211,865	(164,517)	5,965,495	(2,468,858)
Scholarships	-	-	(1,230,684)	(1,280,493)
Distributions to annuity/unitrust beneficiaries	-	-	(35,350)	(36,694)
Actuarial adjustments	-	-	14,454	24,099
Interest on capital asset-related debt	(1,510,701)	(1,723,088)	-	-
Nonoperating grants & contracts	14,771,828	17,436,590	-	-
Amortization of premiums and discounts	(6,346)	(110,499)	-	-
Grants to the University	-	-	(2,639,650)	(1,864,746)
Payments to the Foundation	(11,649)	(4,886)	-	-
Loss on disposal of capital assets	(99,782)	(83,770)	-	-
Other nonoperating activity	1,556,211	1,584,797	-	-
	<u>\$ 126,043,834</u>	<u>\$ 100,350,053</u>	<u>\$ 4,091,554</u>	<u>\$ (3,736,216)</u>
Income (loss) before other revenues	\$ (360,714)	\$ (18,577,088)	\$ 5,587,131	\$ (2,332,084)
Capital appropriations	-	-	-	-
Additions to permanent endowments	-	-	929,162	1,171,103
Impairment loss	-	(1,145,177)	-	-
Capital grants & gifts	10,684	21,583	-	-
Assets donated by other State agencies	(2,756)	7,047	-	-
Increase (Decrease) in net position	<u>(352,786)</u>	<u>(19,693,635)</u>	<u>6,516,293</u>	<u>(1,160,981)</u>
<b>Net Position</b>				
Net position, beginning of year	213,403,221	233,096,856	85,733,328	86,894,309
Net position, end of year	<u>\$ 213,050,435</u>	<u>\$ 213,403,221</u>	<u>\$ 92,249,621</u>	<u>\$ 85,733,328</u>

*The accompanying notes are an integral part of these financial statements.*

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	University		Component Units	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Tuition and fees	\$ 39,955,796	\$ 48,159,299	\$ -	\$ -
Grants and contracts (noncapital)	3,400,565	3,092,717	-	-
Sales and services of educational departments	4,479,048	4,074,445	-	-
Auxiliary enterprises	27,600,808	33,136,541	-	-
Payments to suppliers	(26,376,841)	(28,210,225)	(599,450)	(602,410)
Payments to employees	(82,935,952)	(92,883,776)	-	-
Payments for employee benefits	(6,423,147)	(8,519,397)	-	-
Payments for scholarships and fellowships	(2,553,122)	(3,116,562)	-	-
Federal loan program contributions refundable	(42,150)	8,822	-	-
Loans issued to students	(1,026,990)	(933,078)	-	-
Collection of loans from students	979,303	1,127,153	-	-
Royalties and merchandise sales	-	-	28,000	26,000
Membership dues	-	-	43,160	50,630
Service contract with the University	-	-	-	26,208
Gifts	-	-	2,101,734	1,763,829
Other receipts	3,550,674	2,903,229	202,773	244,268
Net cash provided by (used in) operating activities	(39,392,008)	(41,160,832)	1,776,217	1,508,525
<b>Cash flows from noncapital financing activities</b>				
State appropriations	31,820,000	17,985,437	-	-
Grants to the University	2,751,384	2,030,781	-	-
Payments to the Foundation	(11,649)	(4,886)	-	-
Scholarships	-	-	(1,179,743)	(1,279,546)
Distributions to annuity/unitrust beneficiaries	-	-	(35,350)	(36,694)
Agency receipts	-	-	84,730	109,788
Agency payments	-	-	(111,075)	(129,384)
Direct lending student loan receipts	36,635,826	45,922,950	-	-
Direct lending student loan payments	(36,635,826)	(45,922,950)	-	-
Other nonoperating activities	1,556,209	1,584,797	1,062,135	1,627,239
Nonoperating grants	14,730,505	17,481,735	(2,639,650)	(1,864,746)
Net cash provided by (used in) noncapital financing activities	50,846,449	39,077,864	(2,818,953)	(1,573,343)
<b>Cash flows from capital and related financing activities</b>				
Principal paid on capital debt and leases	(5,140,000)	(7,025,000)	-	-
Interest paid on capital debt and leases	(1,556,217)	(1,880,325)	-	-
Other interest paid	-	-	-	-
Capital appropriations	-	-	-	-
Capital grants and gifts	10,684	21,583	-	-
Purchases of capital assets	(6,905,429)	(9,068,966)	-	-
Net cash provided by (used in) by capital and related financing activities	(13,590,962)	(17,952,708)	-	-

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

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
STATEMENTS OF CASH FLOWS (Continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	University		Component Units	
	2017	2016	2017	2016
<b>Cash flow from investing activities</b>				
Proceeds from the sale and maturities of investments	\$ 456,633	\$ 152,897	\$ 2,308,794	\$ 3,990,313
Interest received on investments	355,735	189,553	2,005,468	1,856,993
Sale of gift stock and real estate	-	-	11,214	32,357
Purchase of investments	(451,266)	(259,778)	(3,736,463)	(4,990,311)
Net cash provided by (used in) investing activities	361,102	82,672	589,013	889,352
Net increase (decrease) in cash and cash equivalents	(1,775,419)	(19,953,004)	(453,723)	824,534
Cash and cash equivalents, beginning of year	18,180,404	38,133,408	9,119,170	8,294,636
Cash and cash equivalents, end of year	\$ 16,404,985	\$ 18,180,404	\$ 8,665,447	\$ 9,119,170
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (126,404,548)	\$ (118,927,141)	\$ 1,495,577	\$ 1,404,132
Adjustments to reconcile operating income (loss) to net cash provided from (used in) operating activities:				
Depreciation expense	14,922,663	15,741,860	34,642	34,642
Bad debt	-	-	57,590	39,463
Payments on behalf of the University	76,213,363	68,730,270	-	-
Non-cash stock, real estate gifts	-	-	-	(45,116)
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(2,428,734)	(3,388,147)	177,685	79,723
(Increase) decrease in inventory	92,833	196,670	-	-
(Increase) decrease in notes receivable	(47,688)	194,074	-	-
(Increase) decrease in other assets	(36,878)	788,972	6,097	(2,719)
(Increase) decrease in pension deferred outflows	(1,420)	(38,566)	-	-
Increase (decrease) in accounts payable	(96,449)	(1,786,854)	4,626	(1,600)
Increase (decrease) in unearned revenue	(451,245)	(929,958)	-	-
Increase (decrease) in compensated absences	(904,390)	(1,633,139)	-	-
Increase (decrease) in federal loan program refundable	(42,150)	8,822	-	-
Increase (decrease) in other long-term liabilities	(155,365)	(101,250)	-	-
Increase (decrease) in deposits	(52,000)	(16,445)	-	-
Net cash provided by (used in) operating activities	\$ (39,392,008)	\$ (41,160,832)	\$ 1,776,217	\$ 1,508,525
<b>Noncash investing, noncapital financing, and capital and related financing transactions</b>				
Change in fair value of investments	\$ 211,865	\$ (164,517)	\$ 5,863,845	\$ (2,476,752)
Change in interest receivable affecting interest received	\$ (74)	\$ 322	\$ -	\$ -
Change in accrued interest affecting interest paid	\$ (45,517)	\$ (157,236)	\$ -	\$ -
Change in accrued costs relating to capital assets	\$ 59,035	\$ (48,048)	\$ -	\$ -
Donation of property, plant and equipment	\$ (2,756)	\$ 7,047	\$ -	\$ -

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

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
COMBINING STATEMENT OF NET POSITION  
FOR COMPONENT UNITS  
AS OF JUNE 30, 2017

<b>Assets</b>	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 719,795	\$ 88,686	\$ 808,481
Restricted cash and cash equivalents	6,296,809	-	6,296,809
Short-term investments	445,830	869,570	1,315,400
Restricted short-term investments	6,407,527	-	6,407,527
Accounts receivable, net of allowance for doubtful accounts	362,024	4,250	366,274
Other assets	28,239	1,127	29,366
	<u>14,260,224</u>	<u>963,633</u>	<u>15,223,857</u>
Total current assets			
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	1,560,157	-	1,560,157
Endowment investments	51,382,659	-	51,382,659
Restricted investments	25,251,933	-	25,251,933
Other long-term investments	-	1,240,870	1,240,870
Other long-term assets	97,714	5,000	102,714
Capital assets, net of accumulated depreciation	1,699,929	157,695	1,857,624
	<u>79,992,392</u>	<u>1,403,565</u>	<u>81,395,957</u>
Total noncurrent assets			
Total assets	<u>\$ 94,252,616</u>	<u>\$ 2,367,198</u>	<u>\$ 96,619,814</u>
<b>Liabilities and Net Position</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 90,307	\$ 10,905	\$ 101,212
Long-term liabilities, current portion	35,042	-	35,042
	<u>125,349</u>	<u>10,905</u>	<u>136,254</u>
Total current liabilities			
<b>Noncurrent liabilities:</b>			
Long-term liabilities, less current portion	169,491	-	169,491
Due to others	4,064,448	-	4,064,448
	<u>4,233,939</u>	<u>-</u>	<u>4,233,939</u>
Total noncurrent liabilities			
Total liabilities	<u>4,359,288</u>	<u>10,905</u>	<u>4,370,193</u>
<b>Net position:</b>			
Net investment in capital assets	1,699,929	157,695	1,857,624
Restricted:			
Nonexpendable			
Endowments	53,171,796	-	53,171,796
Expendable			
Other	33,863,643	-	33,863,643
Unrestricted	1,157,960	2,198,598	3,356,558
	<u>89,893,328</u>	<u>2,356,293</u>	<u>92,249,621</u>
Total net position			

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

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
COMBINING STATEMENT OF NET POSITION  
FOR COMPONENT UNITS  
AS OF JUNE 30, 2016

<b>Assets</b>	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 874,056	\$ 209,059	\$ 1,083,115
Restricted cash and cash equivalents	6,396,814	-	6,396,814
Short-term investments	-	779,117	779,117
Restricted short-term investments	6,373,888	-	6,373,888
Accounts receivable, net of allowance for doubtful accounts	438,022	5,300	443,322
Other assets	<u>30,855</u>	<u>3,011</u>	<u>33,866</u>
Total current assets	<u>14,113,635</u>	<u>996,487</u>	<u>15,110,122</u>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	1,639,241	-	1,639,241
Endowment investments	49,953,375	-	49,953,375
Restricted investments	19,901,182	-	19,901,182
Other long-term investments	-	1,084,162	1,084,162
Other long-term assets	366,816	5,150	371,966
Capital assets, net of accumulated depreciation	<u>1,728,572</u>	<u>163,694</u>	<u>1,892,266</u>
Total noncurrent assets	<u>73,589,186</u>	<u>1,253,006</u>	<u>74,842,192</u>
Total assets	<u>\$ 87,702,821</u>	<u>\$ 2,249,493</u>	<u>\$ 89,952,314</u>
<b>Liabilities and Net Position</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 45,618	\$ 26	\$ 45,644
Long-term liabilities, current portion	<u>34,998</u>	<u>-</u>	<u>34,998</u>
Total current liabilities	<u>80,616</u>	<u>26</u>	<u>80,642</u>
<b>Noncurrent liabilities:</b>			
Long-term liabilities, less current portion	183,989	-	183,989
Due to others	<u>3,954,355</u>	<u>-</u>	<u>3,954,355</u>
Total noncurrent liabilities	<u>4,138,344</u>	<u>-</u>	<u>4,138,344</u>
Total liabilities	<u>4,218,960</u>	<u>26</u>	<u>4,218,986</u>
<b>Net position:</b>			
Net investment in capital assets	1,728,572	163,694	1,892,266
Restricted:			
Nonexpendable			
Endowments	51,990,211	-	51,990,211
Expendable			
Other	28,893,563	-	28,893,563
Unrestricted	<u>871,515</u>	<u>2,085,773</u>	<u>2,957,288</u>
Total net position	<u>\$ 83,483,861</u>	<u>\$ 2,249,467</u>	<u>\$ 85,733,328</u>

*The accompanying notes are an integral part of these financial statements.*

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
<b>Operating Revenues</b>			
Gifts	\$ 1,923,779	\$ 1,470	\$ 1,925,249
Service contract with University	73,435	37,108	110,543
Budget allocation from the University	332,160	49,168	381,328
Membership dues	-	41,960	41,960
Royalties and merchandise sales	-	28,000	28,000
Other operating revenues	199,798	2,975	202,773
Total operating revenues	<u>2,529,172</u>	<u>160,681</u>	<u>2,689,853</u>
<b>Operating Expenses</b>			
Educational and general			
Institutional support	981,205	178,429	1,159,634
Depreciation expense	28,643	5,999	34,642
Total operating expenses	<u>1,009,848</u>	<u>184,428</u>	<u>1,194,276</u>
Operating income (loss)	<u>1,519,324</u>	<u>(23,747)</u>	<u>1,495,577</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment income (net)	1,987,208	30,081	2,017,289
Net increase (decrease) in fair value of investments	5,848,415	117,080	5,965,495
Scholarships	(1,224,954)	(5,730)	(1,230,684)
Distributions to annuity/unitrust beneficiaries	(35,350)	-	(35,350)
Actuarial adjustments	14,454	-	14,454
Grants to the University	(2,628,792)	(10,858)	(2,639,650)
Total nonoperating revenues (expenses)	<u>3,960,981</u>	<u>130,573</u>	<u>4,091,554</u>
Income (loss) before capital contributions	5,480,305	106,826	5,587,131
Additions to permanent endowments	929,162	-	929,162
Increase (decrease) in net position	<u>6,409,467</u>	<u>106,826</u>	<u>6,516,293</u>
<b>Net Position</b>			
Net position, beginning of year	<u>83,483,861</u>	<u>2,249,467</u>	<u>85,733,328</u>
Net position, end of year	<u>\$ 89,893,328</u>	<u>\$ 2,356,293</u>	<u>\$ 92,249,621</u>

*The accompanying notes are an integral part of these financial statements.*



STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
<b>Operating Revenues</b>			
Gifts	\$ 1,726,262	\$ 1,210	\$ 1,727,472
Service contract with University	97,612	41,336	138,948
Budget allocation from the University	257,393	44,953	302,346
Membership dues	-	52,380	52,380
Royalties and merchandise sales	-	26,000	26,000
Other operating revenues	242,841	1,427	244,268
Total operating revenues	<u>2,324,108</u>	<u>167,306</u>	<u>2,491,414</u>
<b>Operating Expenses</b>			
Educational and general			
Institutional support	890,351	162,289	1,052,640
Depreciation expense	28,643	5,999	34,642
Total operating expenses	<u>918,994</u>	<u>168,288</u>	<u>1,087,282</u>
Operating income (loss)	<u>1,405,114</u>	<u>(982)</u>	<u>1,404,132</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment income (net)	1,858,147	32,329	1,890,476
Net increase (decrease) in fair value of investments	(2,455,691)	(13,167)	(2,468,858)
Scholarships	(1,275,493)	(5,000)	(1,280,493)
Distributions to annuity/unitrust beneficiaries	(36,694)	-	(36,694)
Actuarial adjustments	24,099	-	24,099
Grants to the University	(1,845,951)	(18,795)	(1,864,746)
Total nonoperating revenues (expenses)	<u>(3,731,583)</u>	<u>(4,633)</u>	<u>(3,736,216)</u>
Income (loss) before capital contributions	<u>(2,326,469)</u>	<u>(5,615)</u>	<u>(2,332,084)</u>
Additions to permanent endowments	<u>1,171,103</u>	<u>-</u>	<u>1,171,103</u>
Increase (decrease) in net position	<u>(1,155,366)</u>	<u>(5,615)</u>	<u>(1,160,981)</u>
<b>Net Position</b>			
Net position, beginning of year	<u>84,639,227</u>	<u>2,255,082</u>	<u>86,894,309</u>
Net position, end of year	<u>\$ 83,483,861</u>	<u>\$ 2,249,467</u>	<u>\$ 85,733,328</u>

*The accompanying notes are an integral part of these financial statements.*

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
COMBINING STATEMENT OF CASH FLOWS  
FOR COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Foundation	Alumni Association	Total
<b>Cash flows from operating activities</b>			
Payments to suppliers	\$ (520,060)	\$ (79,390)	\$ (599,450)
Royalties and merchandise sales	-	28,000	28,000
Membership dues	-	43,160	43,160
Gifts	2,100,264	1,470	2,101,734
Service contract with Eastern Illinois University	-	-	-
Other receipts	199,798	2,975	202,773
Net cash provided by (used in) operating activities	<u>1,780,002</u>	<u>(3,785)</u>	<u>1,776,217</u>
<b>Cash flows from noncapital financing activities</b>			
Grants to the University	(2,628,792)	(10,858)	(2,639,650)
Scholarships	(1,174,013)	(5,730)	(1,179,743)
Distributions to annuity/unitrust beneficiaries	(35,350)	-	(35,350)
Agency receipts	84,730	-	84,730
Agency payments	(111,075)	-	(111,075)
Gifts received for endowment purposes	1,062,135	-	1,062,135
Net cash provided by (used in) noncapital financing activities	<u>(2,802,365)</u>	<u>(16,588)</u>	<u>(2,818,953)</u>
<b>Cash flow from investing activities</b>			
Proceeds from the sale and maturities of investments	1,539,404	769,390	2,308,794
Interest received on investments	1,975,387	30,081	2,005,468
Sale of gift stock and real estate	11,214	-	11,214
Purchase of investments	(2,836,992)	(899,471)	(3,736,463)
Net cash provided by (used in) investing activities	<u>689,013</u>	<u>(100,000)</u>	<u>589,013</u>
Net increase (decrease) in cash and cash equivalents	(333,350)	(120,373)	(453,723)
Cash and cash equivalents, beginning of year	8,910,111	209,059	9,119,170
Cash and cash equivalents, end of year	<u>\$ 8,576,761</u>	<u>\$ 88,686</u>	<u>\$ 8,665,447</u>

*The accompanying notes are an integral part of these financial statements.*

STATE OF ILLINOIS  
 EASTERN ILLINOIS UNIVERSITY  
 COMBINING STATEMENT OF CASH FLOWS (Continued)  
 FOR COMPONENT UNITS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 1,519,324	\$ (23,747)	\$ 1,495,577
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	28,643	5,999	34,642
Bad debt expense	57,590	-	57,590
Non-cash stock, real estate gifts	-	-	-
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	176,485	1,200	177,685
(Increase) decrease in prepaid expense	4,213	1,884	6,097
Increase (decrease) in accounts payable	(6,253)	10,879	4,626
Net cash provided by (used in) operating activities	<u>\$ 1,780,002</u>	<u>\$ (3,785)</u>	<u>\$ 1,776,217</u>
<b>Noncash investing, noncapital financing, and capital and related financing transactions</b>			
Change in fair value of investments	\$ 5,848,414	\$ 15,431	\$ 5,863,845

*The accompanying notes are an integral part of these financial statements.*

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
COMBINING STATEMENT OF CASH FLOWS  
FOR COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Foundation	Alumni Association	Total
<b>Cash flows from operating activities</b>			
Payments to suppliers	\$ (524,401)	\$ (78,009)	\$ (602,410)
Royalties and merchandise sales	-	26,000	26,000
Membership dues	-	50,630	50,630
Gifts	1,762,619	1,210	1,763,829
Service contract with Eastern Illinois University	26,208	-	26,208
Other receipts	242,841	1,427	244,268
Net cash provided by (used in) operating activities	<u>1,507,267</u>	<u>1,258</u>	<u>1,508,525</u>
<b>Cash flows from noncapital financing activities</b>			
Grants to the University	(1,845,951)	(18,795)	(1,864,746)
Scholarships	(1,274,546)	(5,000)	(1,279,546)
Distributions to annuity/unitrust beneficiaries	(36,694)	-	(36,694)
Agency receipts	109,788	-	109,788
Agency payments	(129,384)	-	(129,384)
Gifts received for endowment purposes	1,627,239	-	1,627,239
Net cash provided by (used in) noncapital financing activities	<u>(1,549,548)</u>	<u>(23,795)</u>	<u>(1,573,343)</u>
<b>Cash flow from investing activities</b>			
Proceeds from the sale and maturities of investments	3,466,634	523,679	3,990,313
Interest received on investments	1,824,663	32,330	1,856,993
Sale of gift stock and real estate	32,357	-	32,357
Purchase of investments	(4,434,302)	(556,009)	(4,990,311)
Net cash provided by (used in) investing activities	<u>889,352</u>	<u>-</u>	<u>889,352</u>
Net increase (decrease) in cash and cash equivalents	847,071	(22,537)	824,534
Cash and cash equivalents, beginning of year	8,063,040	231,596	8,294,636
Cash and cash equivalents, end of year	<u>\$ 8,910,111</u>	<u>\$ 209,059</u>	<u>\$ 9,119,170</u>

*The accompanying notes are an integral part of these financial statements.*

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
FOR COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 1,405,114	\$ (982)	\$ 1,404,132
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	28,643	5,999	34,642
Bad debt expense	39,463	-	39,463
Non-cash stock, real estate gifts	(45,116)	-	(45,116)
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	81,473	(1,750)	79,723
(Increase) decrease in prepaid expense	(733)	(1,986)	(2,719)
Increase (decrease) in accounts payable	(1,577)	(23)	(1,600)
Net cash provided by (used in) operating activities	<u>\$ 1,507,267</u>	<u>\$ 1,258</u>	<u>\$ 1,508,525</u>
<b>Noncash investing, noncapital financing, and capital and related financing transactions</b>			
Change in fair value of investments	\$ (2,455,691)	\$ (21,061)	\$ (2,476,752)

*The accompanying notes are an integral part of these financial statements.*

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Nature of Operations*

Eastern Illinois University is a comprehensive, state-assisted, regional service institution. It is primarily an undergraduate institution, with the youngest student body of all Illinois public universities, and the highest proportion of residential students of all public universities in the nation. Established in 1895 as a normal school, Eastern is a multi-purpose institution, continuing its strong heritage in teacher preparation while at the same time offering a strong, comprehensive undergraduate program in the arts, sciences, humanities, and professions. The Graduate School complements and builds upon the undergraduate curriculum, providing programs of excellence at the master's and specialist's levels.

### *Financial Reporting Entity*

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Based upon the factors discussed below, these financial statements include the accounts of Eastern Illinois University (the University) as the primary government, and the component units of the Eastern Illinois University Foundation (the Foundation) and the Eastern Illinois University Alumni Association, Inc., (the Alumni Association), discretely presented.

A primary government is financially accountable for a component unit if it appoints a voting majority of the organization's governing body and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government.

The University and the related organizations have also implemented GASB No. 39, *Determining Whether Certain Organizations Are Component Units* (an amendment of GASB Statement No. 14, *The Financial Reporting Entity*) and GASB No. 61, *The Financial Reporting Entity: Omnibus* (an amendment of GASB Statements No. 14 and No. 34), which increased the factors to consider when determining if a component unit should be included in the financial reporting entity of a primary government.

As stated in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, a legally separate organization should be considered a component unit of the primary government if the following three factors are met: 1) the separate organization's economic resources are almost entirely held for the direct benefit of the primary government; 2) the primary government is entitled to or has access to the majority of the resources held or received by the separate organization; and 3) the resources held or received by the separate organization are significant to the primary government.

The Foundation is a legally separate, tax-exempt component unit. It acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University and its students, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. Complete financial statements for the Foundation can be obtained from the University's Business Office at 600 Lincoln Avenue, Charleston, IL 61920.

The Alumni Association is also a legally separate, tax-exempt component unit. The Alumni Association is governed by a separately elected Board of Directors and its primary functions are to foster loyalty and fellowship among the alumni of the University and to receive gifts, which are contributed for the welfare of the University. The Alumni Association uses its resources entirely or almost entirely for the direct benefit of the University or its constituents. In addition, the University is entitled to or has access to the majority of the resources of the Association, and such resources are significant to the University. Therefore, the Alumni Association is considered a component unit of the University and is discretely presented in the University's financial statements. Complete financial statements for the Alumni Association can be obtained from the University's Business Office at 600 Lincoln Avenue, Charleston, IL 61920.

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

For both the Foundation and Alumni Association, under GASB Statement No. 61, the University has determined that it would be misleading not to include the Foundation and Alumni Association as component units.

The University is a component unit of the State of Illinois and is included in the general purpose financial statements of the State of Illinois.

***Basis of Accounting***

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

***Cash Equivalents***

For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the Illinois Funds are considered cash equivalents.

***Investments***

The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*. Additionally, the University accounts for land held by endowments at fair value in accordance with GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowment*. Changes in the unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

***Inventories***

Inventories are carried at the lower of cost (first-in, first-out method) or market.

***Accounts Receivable***

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Illinois. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with the reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable is recorded net of estimated uncollectible amounts.

***Restricted Assets***

Restricted assets consist of cash and investments that are restricted by external sources and are classified as either current or noncurrent assets in the Statement of Net Position depending upon when the assets become available for use.

STATE OF ILLINOIS  
EASTERN ILLINOIS UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. The University's capitalization policy for capital assets is as follows: equipment \$5,000 or greater, land or buildings \$100,000 or greater and site or building improvements \$25,000 or greater. Renovations to buildings and equipment that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The University purchases textbooks and library materials for its textbook rental service and library. The University capitalizes all library book and textbook purchases.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 to 20 years for site and building improvements, 5 years for library books, 4 to 7 years for equipment and 2 years for textbooks. Depreciation also includes amortization of capitalized leased equipment.

***Unearned Revenues***

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

***Compensated Absences***

Employee vacation pay, sick pay, and compensable time are accrued at year-end for financial statement purposes. The liabilities outstanding are reported as accrued liabilities in the Statement of Net Position, and the expenses incurred are reported as functionalized expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

***Long-Term Liabilities***

Long-term liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

***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 and liabilities and contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

***Net Position***

The University's net position is classified as follows:

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

*Restricted net position - expendable:* Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

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



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*Unrestricted net position:* Unrestricted net position represent resources derived from student tuition and fees, State appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the financial manager of the University account uses discretion in deciding which resources to apply.

***Deferred Inflows/Outflows of Resources***

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows or outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The University has one item that qualifies for reporting in this category, the deferral of employer pension contributions. The separate financial statement element, deferred inflows of resources, represents an increase in net position that applies to a future period. The University will not recognize the related revenue until a future event occurs. No deferred inflows of resources are reported in these financial statements in the current year or prior year.

The University has deferred its fiscal years 2017 (to fiscal year 2018) and 2016 (to fiscal year 2017) pension contributions as required by GASB No. 71. The pension contribution will be recognized as expense during the fiscal year noted above.

***Income Taxes***

The University, as a political subdivision of the State of Illinois, is excluded from Federal income taxes under Section 115(I) of the Internal Revenue Code, as amended.

***Classification of Revenues***

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

*Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, State and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, such as State appropriations and investment income.

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***On-Behalf Payments for Fringe Benefits***

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the University has reported on-behalf payments made by the State of Illinois to the Department of Central Management Services State Employees Group Insurance Program and the State Universities' Retirement System of Illinois (SURS) totaling \$76,213,363 and \$68,730,270, representing \$27,138,877 and \$25,535,042 for group insurance costs and \$49,074,486 and \$43,195,228 for retirement costs for fiscal years 2017 and 2016, respectively. These costs are reflected as nonoperating revenues and operating expenses with revenues reported as payments on behalf of the University and expenses allocated to each educational and general program.

***Scholarship Discounts and Allowances***

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as other federal, state or nongovernmental programs, are recorded as operating 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 discount and allowance.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources 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 the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

***Reclassifications***

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**2 CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS**

*Cash and Cash Equivalents*

The University maintains deposits at financial institutions authorized by the Board of Trustees. The carrying amount of these deposits were \$232,684 and \$444,085 at June 30, 2017 and 2016, respectively, and were fully covered by depository insurance. In addition, the University had cash on hand in various petty cash and change funds in the amount of \$27,441 and \$27,230, at June 30, 2017 and 2016, respectively.

*Investments*

Illinois Statutes and the Board of Trustees authorize the University to invest in United States Government securities, securities guaranteed by the full faith and credit of the United States Government, interest-bearing savings accounts, certificate and time deposits in financial institutions fully insured by the FDIC, and any other security or investment permitted by law and approved by the Board. The Vice President for Business Affairs (VPBA) has the authority to prescribe guidelines consistent with the Board of Trustees' Regulations, the provisions of the Public Funds Investment Act (30 ILCS 235/2.5 et seq.) and the Uniform Management of Institutional Funds Act (760 ILCS 50/1-10).

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University has established a maximum maturity of up to four years for any investment. State statutes limit maturity on commercial paper investments to 180 days. Effective maturity ranges for investments as of June 30, 2017 and 2016, are as follows:

Effective Maturity	At June 30, 2017		
	0-1 Years	1-5 Years	6-10 Years
Illinois Funds	\$ 15,276,683	\$ -	\$ -
Mutual Bond Funds	-	74,970	494,948
	<u>\$ 15,276,683</u>	<u>\$ 74,970</u>	<u>\$ 494,948</u>

Effective Maturity	At June 30, 2016		
	0-1 Years	1-5 Years	6-10 Years
Illinois Funds	\$ 16,266,927	\$ -	\$ -
Mutual Bond Funds	-	73,924	493,704
	<u>\$ 16,266,927</u>	<u>\$ 73,924</u>	<u>\$ 493,704</u>

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. Credit ratings for University investments are shown below. The bond funds are not rated. The University's investment policy has no specific guidelines addressing the credit rating of Mutual Bond Funds.

Quality Rating	At June 30, 2017	
	AAA	Not Rated
Illinois Funds	\$ 15,276,683	\$ -
Mutual Bond Funds	-	569,918
	<u>\$ 15,276,683</u>	<u>\$ 569,918</u>

Quality Rating	At June 30, 2016	
	AAA	Not Rated
Illinois Funds	\$ 16,266,927	\$ -
Mutual Bond Funds	-	567,628
	<u>\$ 16,266,927</u>	<u>\$ 567,628</u>

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

The University's investments in the Illinois Funds and mutual funds are not subject to detailed disclosure because the University owns shares of each investment fund and not the physical securities.

**Concentration Risk.** The University does not have any investments representing 5% or more of total assets in any single issuer other than the U.S. Government, its agencies or sponsored corporations. State statutes limit investment in short term debts of corporations to one-third of the agency's funds, and no more than 10% of any one corporation's outstanding obligations. The University has limited commercial paper investments to two million dollars per issuer.

The University has not held foreign currency positions other than the purchase of foreign payment drafts to vendors, nor has it participated in securities lending.

The Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other State funds in accordance with the Deposits of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Details on the nature of these investments are available within the State of Illinois' Comprehensive Annual Financial Report.

The Illinois Funds do not have any direct or indirect investments in derivative instruments. The mutual funds have not disclosed to the University whether derivatives are used, held, or were written during the period covered by the financial statements.

**Fair Value Measurements.** The University categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation methods used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical assets in active markets that the University can access. Level 2 inputs are observable prices, either directly or indirectly, for an asset. Level 3 inputs are unobservable inputs for an asset.

During fiscal year 2017 and 2016, there were no changes in valuation techniques that would have a significant impact on the results.

Investments and Derivative Instruments Measured at Fair Market Value at June 30, 2017	Totals	Quoted Prices in Active Markets		Significant Unobservable Inputs (Level 3)
		for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Certificate of deposit	\$ 240,000	\$ -	\$ 240,000	\$ -
Bond mutual funds	569,918	569,918	-	-
Equity mutual funds	2,026,571	2,026,571	-	-
Farm assets	2,617,188	-	-	2,617,188
	<u>\$ 5,453,677</u>	<u>\$ 2,596,489</u>	<u>\$ 240,000</u>	<u>\$ 2,617,188</u>

Investments and Derivative Instruments Measured at Fair Market Value at June 30, 2016	Totals	Quoted Prices in Active Markets		Significant Unobservable Inputs (Level 3)
		for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Certificate of deposit	\$ 243,089	\$ -	\$ 243,089	\$ -
Bond mutual funds	567,627	567,627	-	-
Equity mutual funds	1,818,677	1,818,677	-	-
Farm assets	2,617,786	-	-	2,617,786
	<u>\$ 5,247,179</u>	<u>\$ 2,386,304</u>	<u>\$ 243,089</u>	<u>\$ 2,617,786</u>

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**Reconciliation to the Statement of Net Position**

A reconciliation of cash and investments as presented previously to amounts reported in the Statement of Net Position as of June 30, 2017 and 2016, are as follows:

	At June 30, 2017		
	Current	Noncurrent	Total
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	16,404,985	-	16,404,985
Short-term investments	173,714	-	173,714
Restricted investments	124,120	-	124,120
Endowment investments	-	5,155,843	5,155,843
	<u>\$ 16,702,819</u>	<u>\$ 5,155,843</u>	<u>\$ 21,858,662</u>

	At June 30, 2016		
	Current	Noncurrent	Total
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	18,180,404	-	18,180,404
Short-term investments	180,564	-	180,564
Restricted investments	122,038	-	122,038
Endowment investments	-	4,944,577	4,944,577
	<u>\$ 18,483,006</u>	<u>\$ 4,944,577</u>	<u>\$ 23,427,583</u>

Breakdown and carrying amounts of the cash and investments are as follows:

	2017	2016
Cash deposits	\$ 232,684	\$ 444,085
Petty cash funds	27,441	27,230
The Illinois Funds accounts	15,276,683	16,266,927
Trust Accounts - US Bank	1,282	117
Commercial Paper Sweep Accounts - US Bank	866,895	1,442,045
Bond Mutual Funds - Charles Schwab & Co., Inc.	569,918	567,627
Equity Mutual Funds - Charles Schwab & Co., Inc.	2,026,571	1,818,677
Certificates of Deposit	240,000	243,089
Farm Assets - First Mid-Illinois Bank & Trust	2,617,188	2,617,786
As reported in the Statement of Net Position	<u>\$ 21,858,662</u>	<u>\$ 23,427,583</u>

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**3 ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30:

	2017	2016
Sales and service	\$ 983,571	\$ 1,903,907
Student tuition and fees	15,063,209	9,260,015
Auxiliary enterprises and other operating activities	7,623,810	7,989,100
Federal, State, and private grants and contracts	619,944	935,156
Others	13,725,686	12,980,076
Total	<u>\$ 38,016,220</u>	<u>\$ 33,068,254</u>
Less allowance for doubtful accounts	(17,313,019)	(14,794,974)
Net accounts receivable	<u>\$ 20,703,201</u>	<u>\$ 18,273,280</u>

**4 INVENTORIES**

Inventories consisted of the following at June 30:

	2017	2016
Union Bookstore	\$ 743,568	\$ 812,853
Facilities Planning and Management	651,492	640,772
Dining Services	103,467	110,766
Union operations	34,331	42,282
Postage	24,224	32,137
Pharmacy	7,977	9,433
Other	15,083	24,732
	<u>\$ 1,580,142</u>	<u>\$ 1,672,975</u>

**5 NOTES RECEIVABLE**

Student loans made through the Federal Perkins Loan Program (the "Program") comprise substantially all of the notes receivable as of June 30, 2017 and 2016. Under this Program, the federal government provides funds for approximately 75% of the total contribution for student loans with the University providing the balance. Under certain conditions such loans can be forgiven at annual rates of 15% to 30% of the original balance up to maximums of 50% to 100% of the original loan. The federal government reimburses the University according to a formula. Amounts refundable to the U.S. Government upon cessation of the Program of \$5,717,790 and \$5,759,940 as of June 30, 2017 and 2016, respectively, are reflected in the accompanying Statement of Net Position as noncurrent liabilities.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans may be assigned to the U.S. Department of Education. The allowance for uncollectible loans only applies to University funded loans and the University portion of federal student loans, as the University is not obligated to fund the federal portion of uncollected student loans. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2017 and 2016, the allowance for uncollectible loans was \$111,126 and \$107,559, respectively.

The previous extension of the Program has expired. New Perkins loans can only be disbursed through September 30, 2017. Borrowers who received a loan disbursement prior to October 1, 2017 for the 2017-2018 award year may still receive subsequent disbursements through June 30, 2018. No Perkins Loan disbursements are permitted after June 30, 2018 under any circumstances. The University is waiting for further guidance from the U.S. Department of Education, which may include returning the Program's federal share.

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**6 CAPITAL ASSETS**

Capital assets consisted of the following at June 30:

	For the Year Ended June 30, 2017				
	6/30/2016	Additions	Deletions	Transfers	6/30/2017
Capital assets not being depreciated					
Land and land improvements	\$ 3,007,015	\$ -	\$ -	\$ -	\$ 3,007,015
Capitalized collections	221,146	26,684	-	-	247,830
Construction in progress	82,269,432	4,314,703	1,505	(1,300,086)	85,282,544
<b>Total capital assets not being depreciated</b>	<b>85,497,593</b>	<b>4,341,387</b>	<b>1,505</b>	<b>(1,300,086)</b>	<b>88,537,389</b>
Other capital assets being depreciated					
Site improvements	24,890,335	-	-	547,063	25,437,398
Buildings & building improvements	346,860,349	-	13,900	753,023	347,599,472
Equipment	76,490,347	2,629,384	2,961,822	-	76,157,909
<b>Total capital assets being depreciated</b>	<b>448,241,031</b>	<b>2,629,384</b>	<b>2,975,722</b>	<b>1,300,086</b>	<b>449,194,779</b>
Less accumulated depreciation for:					
Site improvements	17,015,883	1,088,497	-	-	18,104,380
Buildings & building improvements	161,550,741	9,640,421	-	-	171,191,162
Equipment	67,704,594	4,193,745	2,868,383	-	69,029,956
<b>Total accumulated depreciation</b>	<b>246,271,218</b>	<b>14,922,663</b>	<b>2,868,383</b>	<b>-</b>	<b>258,325,498</b>
Intangible assets being amortized					
Software	380,146	-	-	-	380,146
Less amortization	380,146	-	-	-	380,146
<b>Total intangible assets being amortized</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital assets, being depreciated or amortized, net</b>	<b>201,969,813</b>	<b>(12,293,279)</b>	<b>107,339</b>	<b>1,300,086</b>	<b>190,869,281</b>
<b>Capital assets, net</b>	<b>\$ 287,467,406</b>	<b>\$ (7,951,892)</b>	<b>\$ 108,844</b>	<b>\$ -</b>	<b>\$ 279,406,670</b>

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	For the Year Ended June 30, 2016				
	6/30/2015	Additions	Deletions	Transfers	6/30/2016
Capital assets not being depreciated					
Land and land improvements	\$ 3,007,015	\$ -	\$ -	\$ -	3,007,015
Capitalized collections	207,146	14,000	-	-	221,146
Construction in progress	84,462,570	5,671,900	77,831	(7,787,207)	82,269,432
<b>Total capital assets not being depreciated</b>	<b>87,676,731</b>	<b>5,685,900</b>	<b>77,831</b>	<b>(7,787,207)</b>	<b>85,497,593</b>
Other capital assets being depreciated					
Site improvements	23,179,320	-	-	1,711,015	24,890,335
Buildings & building improvements	347,696,535	(1,776)	6,910,602	6,076,192	346,860,349
Equipment	75,039,905	3,349,693	1,910,751	11,500	76,490,347
<b>Total capital assets being depreciated</b>	<b>445,915,760</b>	<b>3,347,917</b>	<b>8,821,353</b>	<b>7,798,707</b>	<b>448,241,031</b>
Less accumulated depreciation for:					
Site improvements	15,872,594	1,143,289	-	-	17,015,883
Buildings & building improvements	157,485,836	9,830,860	5,765,955	-	161,550,741
Equipment	64,823,815	4,767,711	1,898,432	11,500	67,704,594
<b>Total accumulated depreciation</b>	<b>238,182,245</b>	<b>15,741,860</b>	<b>7,664,387</b>	<b>11,500</b>	<b>246,271,218</b>
Intangible assets being amortized					
Software	380,146	-	-	-	380,146
Less amortization	380,146	-	-	-	380,146
<b>Total intangible assets being amortized</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital assets, being depreciated or amortized, net</b>	<b>207,733,515</b>	<b>(12,393,943)</b>	<b>1,156,966</b>	<b>7,787,207</b>	<b>201,969,813</b>
<b>Capital assets, net</b>	<b>\$ 295,410,246</b>	<b>\$ (6,708,043)</b>	<b>\$ 1,234,797</b>	<b>\$ -</b>	<b>\$ 287,467,406</b>

**7 CONSTRUCTION IN PROGRESS**

Below is a listing of the major construction projects in progress at June 30, 2017:

	Project Estimate	Expended to 6/30/2017	Committed
EIU Renewable Energy Center/Energy Savings Projects	\$ 82,989,018	\$ 82,989,018	\$ -
Other utility work	1,521,020	150,442	1,370,578
Science Buildings renovations	1,306,926	1,011,344	295,582
Tarble Arts Center addition	1,368,455	278,471	1,089,984
Various athletic facilities renovations	118,521	80,798	37,723
Various classroom renovations	199,902	115,754	84,148
Other miscellaneous	891,624	656,717	234,907
	<b>\$ 88,395,466</b>	<b>\$ 85,282,544</b>	<b>\$ 3,112,922</b>



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**8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following as of June 30:

	2017	2016
Accounts payable	\$ 955,265	\$ 2,184,947
Accrued wages	4,742,713	5,018,638
Accrued expenses	3,194,100	1,748,817
Other	282,054	303,475
	<u>\$ 9,174,132</u>	<u>\$ 9,255,877</u>

**9 UNEARNED REVENUE**

Unearned revenue consisted of the following at June 30:

	2017	2016
Prepaid tuition and fees	\$ 2,122,976	\$ 2,030,478
Sales and service	217,906	216,605
Auxiliary enterprises	178,667	239,241
Grants and contracts	795,224	1,270,338
Miscellaneous	87	50,766
	<u>\$ 3,314,860</u>	<u>\$ 3,807,428</u>

**10 LONG-TERM LIABILITIES**

	As of June 30, 2017					
	Balance 6/30/2016	Additions	Reductions	Balance 6/30/2017	Amounts Due Within One Year	
Revenue bonds, notes payable, and Certificates of Participation						
Revenue bonds payable	(1) \$ 10,860,000	\$ -	\$ 1,490,000	\$ 9,370,000	\$	1,090,000
Revenue bond discounts	(8,333)	-	(938)	(7,395)	(873)	
Revenue bond premiums	35,976	-	8,085	27,891	6,199	
Certificates of Participation	(2) 85,900,000	-	3,650,000	82,250,000	3,765,000	
COPS discount	(48,628)	-	(9,619)	(39,009)	(8,952)	
Other liabilities						
Accrued compensated absences	*	7,894,437	-	904,390	6,990,047	1,493,085
Deposits	*	875,892	-	207,364	668,528	668,528
Federal loan program contributions		5,759,940	-	42,150	5,717,790	-
Total long-term liabilities	<u>\$ 111,269,284</u>	<u>\$ -</u>	<u>\$ 6,291,432</u>	<u>\$ 104,977,852</u>	<u>\$</u>	<u>7,012,987</u>

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		As of June 30, 2016				
		Balance			Balance	Amounts Due Within
		6/30/2015	Additions	Reductions	6/30/2016	One Year
Revenue bonds, notes payable, and Certificates of Participation						
Revenue bonds payable	(1)	\$ 15,470,000	\$ -	\$ 4,610,000	\$ 10,860,000	\$ 1,490,000
Revenue bond discounts		(9,342)	-	(1,009)	(8,333)	(938)
Revenue bond premiums		52,740	-	16,764	35,976	8,085
Certificates of Participation	(2)	88,315,000	-	2,415,000	85,900,000	3,650,000
COPS discount		(58,943)	-	(10,315)	(48,628)	(9,619)
Other liabilities						
Accrued compensated absences	*	9,527,574	-	1,633,137	7,894,437	1,656,010
Deposits	*	993,587	11,655	129,350	875,892	875,892
Federal loan program contributions		5,751,118	8,822	-	5,759,940	-
<b>Total long-term liabilities</b>		<b>\$ 120,041,734</b>	<b>\$ 20,477</b>	<b>\$ 8,792,927</b>	<b>\$ 111,269,284</b>	<b>\$ 7,669,430</b>

(1) See Note 11 for more information on revenue bonds.

(2) See Note 13 for more information on Certificates of Participation

\* Due to limitations in the University's accounting system, the gross amounts for additions and reductions is not readily available for the fiscal years presented.

Total interest expense for the years ended June 30, 2017 and 2016 was \$5,507,568 and \$5,645,046, respectively. There was \$3,996,868 and \$3,921,958 of interest capitalized as part of capital projects in progress during the years ended June 30, 2017 and 2016, respectively.

## 11 REVENUE BONDS

Revenue bonds payable are comprised of the following at June 30:

	2017	2016
\$19,345,000, Auxiliary Facilities System Revenue Bonds, Series 2005, term bonds due in annual installments (principal only) of \$885,000 to \$1,370,000 through April 1, 2013; \$965,000 to \$1,595,000 through April 1, 2018, \$540,000 to \$635,000 through April 1, 2023, \$665,000 to \$730,000 through April 1, 2026; interest ranges from 3.0% to 5.0%	\$ 5,990,000	\$ 7,360,000
\$4,230,000, Auxiliary Facilities System Revenue Bonds, Series 2008B, term bonds due in annual installments (principal only) of \$95,000 to \$1,340,000 through October 1, 2033; interest ranges from 2.0% to 5.80%	3,380,000	3,500,000
<b>Total bonds outstanding</b>	<b>\$ 9,370,000</b>	<b>\$ 10,860,000</b>

On July 1, 2005, the Series 2005 Bonds were issued in the principal amount of \$19,345,000. Proceeds from the sale of the Series 2005 Bonds were used to advance refund all of the Series 1997 Bonds and portions of the outstanding Series 1998 and Series 2000 Bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 Series Bonds as well as the portions of the Series 1998 and Series 2000 Bonds that were advance refunded. As a result, the 1997 Bonds and refunded portions of the 1998 and 2000 Bonds are considered defeased and the liability for those bonds has been removed from the University's Statement of Net Position.

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Although the advance refunding resulted in the recognition of an accounting loss of \$1,164,045, the University in effect reduced its aggregate debt service payments by \$951,513 over the next 21 years and also gained the University the release of the Series 1997 Debt Service Reserve Fund in the amount of \$953,416.

During March of 2008, the Series 2008 Bonds were issued in the principal amount of \$18,590,000. Proceeds from the sale of the Series 2008 Bonds were used to refund and redeem in April 2008, all of the outstanding Auxiliary Facilities System Revenue Bonds, Series 1998, that matured on or after October 1, 2008. The Series 2008 Bonds due on April 1, 2008 were paid from other available University funds. This portion of the Series 1998 Bonds is no longer outstanding and the liability for those bonds has been removed from the University's Statement of Net Position.

Although the current refunding resulted in the recognition of an accounting loss of \$124,024, the University in effect reduced its aggregate debt service payments by \$920,974 over the next eight years.

All bonds outstanding are payable by the Board of Trustees solely from the net revenue of the Eastern Illinois University Auxiliary Facilities System (the "System") and from pledged tuition and fees, as well as from certain other funds pledged to pay the principal, redemption premiums, if any, and interest on the bonds.

At June 30, 2017 and 2016, no previously refunded bonds were outstanding.

The estimated annual amounts required for the payment of principal and interest on the outstanding revenue bonds as of June 30, 2017, are set forth in the following table:

Year ending June 30	Principal	Interest	Total Payments
2018	\$ 1,090,000	\$ 429,771	\$ 1,519,771
2019	675,000	386,123	1,061,123
2020	700,000	357,989	1,057,989
2021	730,000	328,362	1,058,362
2022	765,000	296,774	1,061,774
2023-2027	3,630,000	939,435	4,569,435
2028-2032	1,195,000	349,285	1,544,285
2033-2034	585,000	34,365	619,365
Total	<u>\$ 9,370,000</u>	<u>\$ 3,122,104</u>	<u>\$ 12,492,104</u>

The following reserve accounts were established by the bond resolutions for the 2005 and 2008B Bond Series:

*Retirement of Indebtedness* -- These accounts include the Bond and Interest Sinking Account.

The bond indenture requires the University to set aside in the Bond and Interest Sinking Account on or before five banking days prior to April 1 and October 1, amounts sufficient to equal the next semi-annual payment (principal and interest). These amounts are to be provided after payment of current operating and maintenance costs.

*Repair and Replacement Reserve Account* -- Under the terms of the bond indenture, a transfer is made each fiscal year, if approved by the Board, to the Repair and Replacement Reserve Account. The maximum amount which may be accumulated in this account, including investments thereof, shall not exceed 5 percent of the replacement costs of the facilities constituting the System, plus either 10 percent of the historical costs of the parking lots or 100 percent of the estimated cost of resurfacing any one existing parking lot. This account will be used to pay the cost of unusual or extraordinary maintenance or repairs, renewals, replacements and renovating of the facilities or replacement of fixed equipment not paid as part of the ordinary maintenance and operations. Funds can be transferred from this account to the Bond and Interest Sinking Account if a deficiency occurs in that account which cannot be funded from the Debt Service Reserve Account.

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*Development Reserve Account* -- Under the terms of the bond indenture, funds approved by the Board for expenditure for new space or construction of a facility are deposited in this account.

*Equipment Reserve Account* -- Under the terms of the bond indenture, funds approved by the Board for expenditure in connection with the acquisition of movable equipment to be installed in the facilities are deposited in this account. The maximum amount accumulated shall not exceed 20 percent of the cost of the movable equipment of the System.

*Surplus Revenues* -- After all mandatory transfers to the above accounts have been made, any excess funds may be used to: redeem or purchase bonds, advance refund bonds, credit funds to a utility reserve to provide for the payment of utilities (amount not to exceed 5 percent of the operating costs during such fiscal year), or to establish a self-insurance fund in connection with claims against or damage to the System.

The amounts required by the bond resolution for these purposes as of June 30 compared with the amounts included within the accounts as of June 30 are as follows:

	Minimum Amount Required By Bond Resolution	Cash and Investments Deposited in the Account
Repair and Replacement Reserve Account - June 30, 2017	\$ -	\$ 6,203,043
Repair and Replacement Reserve Account - June 30, 2016	\$ -	\$ 5,060,954

**Pledged Revenues and Debt Service Requirements**

The University has pledged specific revenues, net of specified operating expenses, to repay the principal and interest of revenue bonds. The following is a schedule of the pledged revenues and related debt for June 30:

Pledged Revenues - Year Ended June 30, 2017

Bond Issue	Purpose	Source of Revenue Pledged	Future Revenues Pledged <sup>1</sup>	Term of Commitment	Debt Service to Pledged Revenues
Auxiliary Facilities System (AFS)	Refundings, various improvements and additions to the System	Net AFS revenue, student tuition and fees	\$ 12,492,104	2033	3.43%

Pledged Revenues - Year Ended June 30, 2016

Bond Issue	Purpose	Source of Revenue Pledged	Future Revenues Pledged <sup>1</sup>	Term of Commitment	Debt Service to Pledged Revenues
Auxiliary Facilities System (AFS)	Refundings, various improvements and additions to the System	Net AFS revenue, student tuition and fees	\$ 14,470,120	2033	7.38%

<sup>1</sup> Total future principal and interest payments on bonds.

For the years ended June 30, 2017 and 2016, principal and interest paid by the University were \$1,978,016 and \$5,236,891, respectively. For the years ended June 30, 2017 and 2016, the total net revenues pledged were \$57,738,416 and \$70,921,840, respectively.

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**12 LEASES**

The University made rental payments under operating leases during 2017 and 2016 of \$138,963 and \$34,077, respectively, primarily for storage for surplus equipment, the shuttle buses, and various short-term equipment rentals.

**13 CERTIFICATES OF PARTICIPATION**

The Certificates of Participation (COPS) are comprised of the following at June 30:

	2017	2016
\$9,730,000 Certificates of Participation, Series 2005; due in annual installments (principal only) of \$260,000 beginning February 15, 2008, to \$1,020,000 through February 15, 2025, interest ranges from 3.0% to 4.3%; certificates are subject to redemption, in whole, at the price of par (100%), plus accrued interest to the date fixed for redemption in the Event of Nonappropriation as defined in the Indenture and are subject to mandatory redemption, in whole, at the price of the principal amount, plus accrued interest, on February 15, 2025 should the Board renew the Purchase Contract. The certificates are also callable at the option of the Board on any date on or after February 15, 2015 at the price of the principal amount, plus accrued interest.	\$ 6,700,000	\$ 7,055,000
\$84,930,000 Certificates of Participation, Series 2009A; due in annual installments (principal only) of \$960,000 beginning April 1, 2013, to \$3,710,000 through April 1, 2036; interest ranges from 3.5% to 6.35%; certificates are subject to redemption, in whole, at the price of par (100%), plus accrued interest to the date fixed for redemption in the Event of Nonappropriation as defined in the Indenture. The certificates due April 1, 2020 and thereafter are also callable at the option of the Board on any date on or after April 1, 2019 at the price of the principal amount, plus accrued interest.	75,550,000	78,845,000
Total Certificates of Participation	\$ 82,250,000	\$ 85,900,000

Per the COPS Series 2005 and the COPS Series 2009A Official Statements, the Board is obligated to make installment payments either from funds derived from State appropriations or from legally available non-appropriated funds. Such legally available non-appropriated funds will include payments from the auxiliary facilities system using the savings derived from improvements within the system that are part of the energy services component of the issues. In addition, for the COPS Series 2005, such legally available funds include an increase in the campus improvement fee. The estimated annual amounts required for the payment of principal and interest on the outstanding Certificates of Participation as of June 30, 2017, are set forth in the following table:

Year ending June 30	Principal	Interest	Build America Subsidy <sup>1</sup>	Total
2018	\$ 3,765,000	\$ 4,886,119	\$ (1,612,987)	\$ 7,038,132
2019	4,120,000	4,693,019	(1,550,512)	7,262,507
2020	4,270,000	4,480,079	(1,487,183)	7,262,896
2021	4,225,000	4,254,319	(1,419,857)	7,059,462
2022	4,185,000	4,027,118	(1,352,824)	6,859,294
2023-2027	20,830,000	16,555,093	(5,705,330)	31,679,763
2028-2032	21,795,000	10,295,418	(3,603,396)	28,487,022
2033-2036	19,060,000	2,918,143	(1,021,350)	20,956,793
Total	\$ 82,250,000	\$ 52,109,308	\$ (17,753,439)	\$ 116,605,869

<sup>1</sup> assuming no future effects from the Federal government's sequestration.

## 14 DEFINED BENEFIT PENSION PLANS

### *General Information about the Pension Plan*

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

*Benefits Provided.* A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2017 can be found in the System's comprehensive annual financial report (CAFR) 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 2016 and 2017 respectively, was 12.69% and 12.53% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. 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).

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

*Net Pension Liability.* The net pension liability (NPL) was measured as of June 30, 2016. At June 30, 2016, SURS reported a net pension liability (NPL) of \$25,965,271,744.

*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 \$496,551,246, or 1.9124%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2016 was determined based on the June 30, 2015 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 during fiscal year 2016.

*Pension Expense.* For the year ended June 30, 2016, SURS reported a collective net pension expense of \$2,566,164,865.

*Employer Proportionate Share of Pension Expense.* The employer proportionate share of collective pension expense should be recognized similarly to on behalf payments as both revenue and matching expenditure 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 during fiscal year 2016. As a result, the University recognized on-behalf revenue and pension expense of \$49,074,486 for the fiscal year ended June 30, 2017.

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

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 14,215,882	\$ 2,298,574
Changes in assumption	655,463,758	-
Net difference between projected and actual earnings on pension plan investments	795,528,330	-
Total	<u>\$ 1,465,207,970</u>	<u>\$ 2,298,574</u>

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

<u>June 30</u>	<u>Outflows of</u>
2017	\$ 539,536,680
2018	275,426,885
2019	401,520,624
2020	246,425,207
2021	-
Thereafter	-
	<u>\$ 1,462,909,396</u>

***Employer Deferral of Fiscal Year 2017 Pension Expense***

The University paid \$160,167 in federal, trust or grant contributions for the fiscal year ended June 30, 2017. These contributions were made subsequent to the pension liability measurement date of June 30, 2016 and are recognized as Deferred Outflows of Resources as of June 30, 2017.

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**Assumptions and Other Inputs**

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 15.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2014 Combined Mortality Table with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2016, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	6.08%
Private Equity	6%	8.73%
Non-U.S. Equity	19%	6.95%
Global Equity	8%	6.78%
Fixed Income	19%	1.17%
Treasury-Inflation Protected Securities	4%	1.41%
Emerging Market Debt	3%	4.44%
Real Estate REITS	4%	5.75%
Direct Real Estate	6%	4.62%
Commodities	2%	4.23%
Hedged Strategies	5%	4.00%
Opportunity Fund	1%	6.54%
Total	100%	5.09%
Inflation		2.75%
Expected Arithmetic Return		7.84%

*Discount Rate.* A single discount rate of 7.01% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 2.85% (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 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.



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*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 7.01%, 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	Current Single Discount Rate Assumption	1% Increase
6.01%	7.01%	8.01%
\$31,348,831,631	\$25,965,271,744	\$ 21,502,421,700

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

**15 POST EMPLOYMENT BENEFITS**

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State-sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and their dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employees' Retirement System do not contribute towards health, dental, 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, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the University's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements, including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, Stratton Office Building, 401 South Spring Street, Springfield, IL 62706.

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**16 SELF INSURANCE**

During fiscal year 2016, the State Universities' Risk Management Association (SURMA) voted to disband. The University received a distribution of \$576,590 and created an internal self-insurance reserve fund. The University carries commercial excess general liability coverage with coverage up to \$11 million with a \$350,000 self-insured retention. Settled claims have not exceeded commercial general liability coverage in any of the three preceding years.

In addition, the University offers a self-insured health plan to its students and is the administrator of this plan. A student health insurance fee is assessed each semester to fund this plan. Students who enroll for nine or more hours are automatically covered, and students who enroll for six to eight hours can request to be included under the plan. Dependents of an eligible student are not allowed to enroll in this plan. Students who are enrolled for nine or more hours may elect not to participate in the plan if they can provide proof of existing medical insurance that exceeds the benefits offered under the University's plan.

This plan is considered secondary or excess insurance if the student possesses any other medical insurance. This plan has a \$100 deductible per diagnosis and allows benefits up to 70%, subject to some limitations. The maximum annual benefits of the plan are \$15,000. Total claims of \$1,133,184 and \$1,387,429 were paid for the years ended June 30, 2017 and 2016, respectively.

The University has established a reserve for its self insurance costs to offset claims incurred but not submitted and the continuing rise of health care costs. This reserve is based on estimated ultimate cost of settling claims applying historical experience. Changes in the reserve balance for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Reserve balance, June 30 (prior year)	\$ 1,111,065	\$ 1,511,268
Transfers and fees	1,069,313	1,275,261
Administrative costs	(307,568)	(288,035)
Payment of claims	(1,133,184)	(1,387,429)
Reserve balance, June 30 (current year)	<u>\$ 739,626</u>	<u>\$ 1,111,065</u>

**17 TRANSACTIONS WITH RELATED PARTIES**

The University, being a State university, is a component unit of the State of Illinois (the State). The State provided the University \$26,222,000 and \$12,456,500 for general and educational purposes, \$8,000 and \$8,000 for scholarships, and \$0 and \$0 for certain capital improvements during fiscal years 2017 and 2016, respectively.

The University also received funds from the Capital Development Board (CDB), another agency of the State of Illinois. CDB administered various capital improvement projects at the University. During fiscal years 2017 and 2016, the University (returned) or received \$(2,756) and \$7,047, respectively, of capital improvements that were funded and paid for directly by CDB.

The University also received funds from the Illinois Board of Higher Education (IBHE), another agency of the State of Illinois. During fiscal year 2017, IBHE provided the University with a special, one-time allocation of \$5,582,000 for the general and educational purposes.

The Eastern Illinois University Foundation (Foundation) has a contract with Eastern Illinois University in which the Foundation has agreed to aid and assist the University in achieving its education, research, and service goals by developing and administering gifts made to the Foundation to be used for the benefit of the University for scholarships, grants, and other supporting programs. The University agreed, as part of this contract, to furnish certain services necessary to the operation of the Foundation which are to be repaid by the Foundation either in the form of money or its equivalent in services or resources.

During the years ended June 30, 2017 and 2016, the University provided cash, services and other resources to the Foundation, totaling \$73,435 and \$97,612, respectively, to help defray the Foundation's costs incurred under the contract. During the years ended June 30, 2017 and 2016, the Foundation incurred expenses of \$73,435 and \$71,404, respectively, under the contract.

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During the years ended June 30, 2017 and 2016, the Foundation gave the University \$2,697,434 and \$1,932,369 of cash, services, and resources, unrestricted or restricted only as to department, which are generally for on-going operations of the University. In addition, the Foundation gave the University restricted scholarships, grants, and awards of \$1,224,954 and \$1,275,493, respectively, during the years ended June 30, 2017 and 2016. Services and resources totaling \$68,642 and \$86,418, respectively, for the years ended June 30, 2017 and 2016, are included above, but not reflected in the financial statements. Also, the Foundation received \$25,012 and \$17,391, respectively, for the years ended June 30, 2017 and 2016, in gifts from the University's restricted gift account with the donor's consent.

The Eastern Illinois University Alumni Association, Inc. (Association) had an agreement with Eastern Illinois University to coordinate the University's alumni activities. The University agreed to provide the Association with money or in-kind services in an amount not to exceed the Association's cost of coordinating these activities. The Association has also agreed to pay the University for all facilities, services, and resources used. The payment is to be either in the form of money or its equivalent in services or resources. During the years ended June 30, 2017 and 2016, the University provided the Association with \$37,108 and \$41,336, respectively, in services in accordance with the contract.

In fulfilling its fiscal year 2017 and 2016 contracts with the University, the Association incurred \$114,740 and \$105,794, respectively, of expenses and \$86,276 and \$86,289, respectively, of in-kind expenses. Included in the fiscal years 2017 and 2016 expenses of \$114,740 and \$105,794, respectively, are unrestricted gifts, grants, and scholarships of \$16,588 and \$23,795, respectively, to the University. In addition, the Association provided the use of its facilities at no charge to the University. The value of these facilities was \$53,905 and \$37,240, respectively, for the years ended June 30, 2017 and 2016.

**18 COMMITMENTS AND CONTINGENT LIABILITIES**

The University is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of University management, the ultimate resolution of these matters will not have a material adverse effect upon the University's financial position.

The University participates in certain Federal and State Government agencies grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

**19 NATURAL CLASSIFICATIONS OF EXPENSES**

Operating expenses by natural classification for the years ended June 30 are as follows:

	2017	2016
Salaries	\$ 82,660,028	\$ 92,123,606
Benefits	81,730,700	75,577,962
Supplies	2,965,944	3,038,013
Contractual services	7,655,156	8,654,204
Utilities	10,056,995	9,833,735
Travel	599,399	707,098
Repairs and maintenance, equipment and buildings	464,977	430,419
Scholarships	2,553,122	3,116,562
Other	4,827,394	5,328,667
Depreciation	14,922,663	15,741,860
	<u>\$ 208,436,378</u>	<u>\$ 214,552,126</u>

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**20 SEGMENT REPORTING**

Segments are identifiable activities reported as or within the University for which bonds or other debt is outstanding and a revenue stream has been pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately.

The University's Auxiliary Facilities System (AFS) has issued revenue bonds with the system's net revenues pledged to pay the bond interest and principal. The AFS segment is comprised of University-owned housing units, the student union, recreation and athletic facilities, and its textbook rental service.

The following are the condensed financial statements at June 30, 2017 and 2016, for the University's AFS segment.

Condensed Statement of Net Position  
As of June 30,

	<u>2017</u>	<u>2016</u>
Assets		
Current assets	\$ 20,591,524	\$ 18,950,366
Noncurrent assets		
Capital	53,644,386	58,204,240
Other	4,264	5,485
Total noncurrent assets	<u>53,648,650</u>	<u>58,209,725</u>
Total assets	<u>\$ 74,240,174</u>	<u>\$ 77,160,091</u>
Liabilities		
Current liabilities	\$ 2,354,104	\$ 2,688,637
Noncurrent liabilities	9,259,985	10,420,566
Total liabilities	<u>\$ 11,614,089</u>	<u>\$ 13,109,203</u>
Net Position		
Net investment in capital assets	\$ 44,253,890	\$ 47,316,594
Restricted - expendable	18,372,195	16,734,294
Unrestricted	-	-
Total net position	<u>\$ 62,626,085</u>	<u>\$ 64,050,888</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position  
For the fiscal years ended June 30,

	<u>2017</u>	<u>2016</u>
Operating revenues		
Room and board	\$ 20,062,748	\$ 25,165,954
Student fees	6,144,229	6,788,931
Sales and service	3,783,831	4,810,367
Other operating revenues	503,821	557,039
Total operating revenues	<u>30,494,629</u>	<u>37,322,291</u>
Operating expenses	<u>31,500,264</u>	<u>34,175,289</u>
Operating income (loss)	<u>(1,005,635)</u>	<u>3,147,002</u>
Nonoperating revenues (net of expenses)		
Investment income (net)	4,784	117
Interest expense	(473,525)	(574,111)
Gain/(loss) on disposal of capital assets	(16,577)	(1,155,427)
Other net nonoperating revenues (expenses)	66,150	438,490
Net nonoperating revenues and expenses	<u>(419,168)</u>	<u>(1,290,931)</u>
Total increase (decrease) in net position	<u>(1,424,803)</u>	<u>1,856,071</u>
Net position-beginning of year	64,050,888	62,194,817
Net position-end of year	<u>\$ 62,626,085</u>	<u>\$ 64,050,888</u>

## 21 DISCLOSURES OF COMPONENT UNITS

As the cash, investments and liabilities of the Foundation are considered material to the University's financial statements taken as a whole, the following disclosures are made regarding these items.

### *Cash and Cash Equivalents*

The Foundation's cash deposits mainly represent funds held by the University in the Illinois Funds. The Illinois Funds are pooled short term fully collateralized money market accounts administered by the Treasurer of the State of Illinois. The Foundation also maintains deposits at those depository institutions authorized by the Foundation Board of Directors. These deposits are fully covered by Federal Depository Insurance.

### *Investments*

The Foundation is authorized by the Board of Directors to invest funds in compliance with stated investment policies. All other investments are carried at their fair value, as determined by quoted market prices for investments that have readily available fair value. For investments for which a readily determinable fair value does not exist (e.g. private equities and alternative investments), the investments are valued at estimated fair values based on information provided by the fund managers. Because of the inherent uncertainty of valuation relating to the Foundation's investments in investee funds and their underlying investments, the estimate of fair value may differ from the values that would have been used had a ready market existed, and any difference could be material.

If a donor has not provided specific instructions, Illinois Compiled Statutes (760 ILCS 51/4) permits the Board of Directors to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the Board of Directors is required to consider the Foundation's long-term and short-term needs, present and anticipated financial requirement, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes of which the endowment was established.

The long-term objective of the endowment funds, as determined by the Board of Directors, is to achieve a total return in excess of its current spending rate policy over a twenty-year time horizon. The current rate of the spending rate policy is 5% per year, comprised of a 4.25% spending rate and 0.75% for administrative expenses. In addition to achieving the 5% spending rate policy, the policy asset allocation is designed to cover the costs of inflation, investment management/consulting fees, and other related costs. The spending allowance calculation is determined by taking the spending rate (currently 5%) times the investment portfolio's trailing twelve-quarter average market value, as of June 30 of each year. Any remaining return over the 5% spending rate will be retained for use in future years. As of June 30, 2017 and 2016, net appreciation of \$18,188,748 and \$13,540,721, respectively, is available to be spent, but is restricted to specific purposes.

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**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's fixed income investments as of June 30 are disclosed as follows:

Effective Maturity	At June 30, 2017		
	0-1 Years	1-5 Years	6-10 Years
Illinois Funds	\$ 8,576,763	\$ -	\$ -
Money Market Funds	2,346,659	-	-
Mutual Bond Funds	-	-	11,004,044
Corporate	-	-	1,025
	<u>\$ 10,923,422</u>	<u>\$ -</u>	<u>\$ 11,005,069</u>

Effective Maturity	At June 30, 2016		
	0-1 Years	1-5 Years	6-10 Years
Illinois Funds	\$ 8,910,111	\$ -	\$ -
Money Market Funds	2,152,680	-	-
Mutual Bond Funds	-	2,403,865	7,854,775
	<u>\$ 11,062,791</u>	<u>\$ 2,403,865</u>	<u>\$ 7,854,775</u>

The Foundation does not have a policy that specifically addresses interest rate risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The Foundation has no specific guidelines addressing the credit rating of fixed income securities. The quality ratings for investments disclosed as of June 30 are as follows:

Quality Rating	At June 30, 2017	
	AAA	Not Rated
Illinois Funds	\$ 8,576,763	\$ -
Money Market Funds	111,946	2,234,713
Mutual Bond Funds	-	11,004,044
Corporate Bond Funds	-	1,025
	<u>\$ 8,688,709</u>	<u>\$ 13,238,757</u>

Quality Rating	At June 30, 2016	
	AAA	Not Rated
Illinois Funds	\$ 8,910,111	\$ -
Money Market Funds	92,989	2,059,691
Mutual Bond Funds	-	10,258,640
	<u>\$ 9,003,100</u>	<u>\$ 12,318,331</u>

The money market funds administered by Charles Schwab & Co., Inc. do not have a quality rating, but the fund's policy generally limits investments to the top two tiers. Mutual bond funds are not rated.

**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 value of deposits, investments or collateral securities that are in the possession of an outside party. The Foundation's policy does not address custodial credit risk. One hundred percent of the Foundation's investments are held by a custodian in the Foundation's name and are not subject to creditors of a custodial bank.

The Foundation's investments in The Illinois Funds, money market mutual funds, mutual funds, bond funds, equity funds, and Federated Treasury Obligations Trust are not subject to detail disclosure because the Foundation owns shares of each investment fund and not the physical securities. Cash surrender value of life insurance and real estate are also not subject to disclosure.

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**Concentration Risk**

The Foundation does not have any investments representing 5% or more of total assets in any single issuer. The Foundation does not have a policy that specifically addresses concentration risk.

The Foundation has not held foreign currency positions. Managers are authorized to participate in securities lending, but did not participate in securities lending other than participation in a mutual fund.

The Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other State funds in accordance with the Deposits of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Details on the nature of these investments are available within the State of Illinois' Comprehensive Annual Financial Report. The Illinois Funds do not have any direct or indirect investments in derivative instruments.

The money market mutual funds, bond funds, equity funds, and mutual funds have not disclosed to the Foundation whether derivatives are used or held during the period covered by the financial statements.

Reconciliations of cash and investments as shown on the June 30 Statement of Net Position are as follows:

	At June 30, 2017		
	Current	Noncurrent	Total
Cash and cash equivalents	\$ 719,795	\$ -	\$ 719,795
Restricted cash and cash equivalents	6,296,809	1,560,157	7,856,966
Restricted investments	6,407,527	25,251,933	31,659,460
Other current investments	445,830	-	445,830
Endowment investments	-	51,382,659	51,382,659
Total cash and investments	<u>\$ 13,869,961</u>	<u>\$ 78,194,749</u>	<u>\$ 92,064,710</u>

	At June 30, 2016		
	Current	Noncurrent	Total
Cash and cash equivalents	\$ 874,056	\$ -	\$ 874,056
Restricted cash and cash equivalents	6,396,814	1,639,241	8,036,055
Restricted investments	6,373,888	19,901,182	26,275,070
Other current investments	-	-	-
Endowment investments	-	49,953,375	49,953,375
Total cash and investments	<u>\$ 13,644,758</u>	<u>\$ 71,493,798</u>	<u>\$ 85,138,556</u>

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Breakdown and carrying amount of the cash and investments are as follows:

	2017	2016
The Illinois Funds money market accounts	\$ 8,576,761	\$ 8,910,111
Money market accounts administered by First-Mid-Illinois Bank and Trust	111,946	92,989
Money market accounts administered by Charles Schwab & Co., Inc.	2,234,713	2,059,691
Investments administered by Charles Schwab & Co., Inc.		
Open Ended Mutual Bond funds	11,004,044	10,258,640
Open Ended Mutual Equity funds	40,835,967	36,709,195
Corporate Equity - Student Investment	294,980	209,109
Fixed Income - Student Investment	1,025	-
Alternative Investments		
Investments administered by Corbin Pinehurst	7,188,934	6,513,389
Investments administered by Mercer	8,797,136	7,926,388
Investments administered by Neuberger Berman	765,438	358,107
Investments administered by Park Street Capital	737,711	843,102
Investments administered by Goldman Sachs	452,051	581,440
Investments administered by Portfolio Advisors	1,991,278	1,767,944
Investments administered by Montauk	250,159	316,697
Investments administered by Copper Rock	2,170,806	1,898,711
Common stock	25,197	56,703
Life insurance cash values	131,018	120,794
Real estate	6,495,546	6,515,546
	<hr/>	<hr/>
Total cash and investments	\$ 92,064,710	\$ 85,138,556

***Fair Value Measurements***

The Foundation categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation methods used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical assets in active markets that the Foundation can access. Level 2 inputs are observable prices, either directly or indirectly, for an asset. Level 3 inputs are unobservable inputs for an asset.

During fiscal year 2017, there were no changes in valuation techniques that would have a significant impact on the results.



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	6/30/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Mutual bond funds	\$ 11,004,044	\$ 11,004,044	\$ -	\$ -
Mutual equity funds	40,835,967	40,835,967	-	-
Common stock	320,177	320,177	-	-
Corporate Bonds	1,025	1,025	-	-
Real estate	6,495,546	-	-	6,495,546
Total investments by fair value level	<u>\$ 58,656,759</u>	<u>\$ 52,161,213</u>	<u>\$ -</u>	<u>\$ 6,495,546</u>
Investments measured at the net asset value (NAV)				
Pinehurst Institutional, Ltd.	7,188,934			
Park Street Capital Private Equity Funds VII, LP	448,256			
Park Street Natural Resources Fund IV	289,455			
Portfolio Advisors Private Equity Fund VI	857,142			
Portfolio Advisors Private Equity Fund VII	551,645			
Portfolio Advisors Private Equity Fund VIII	582,491			
Mercer Hedge Fund	7,854,339			
Mercer Private Investment Partners III	942,797			
Goldman Sachs & Company GS Distressed Opportunities Fund IV, LP	452,051			
Montauk TriGuard V	250,159			
Neuberger Berman Secondary Opportunities Fund III	312,085			
Neuberger Berman Crossroads Fund XXI	453,353			
Copper Rock International Small Cap	2,170,806			
Total investments measured at the NAV	<u>22,353,513</u>			
Total investments measured at fair value	<u>\$ 81,010,272</u>			
	6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Mutual bond funds	\$ 10,258,640	\$ 10,258,640	\$ -	\$ -
Mutual equity funds	36,709,195	36,709,195	-	-
Common stock	265,812	265,812	-	-
Real estate	6,515,546	-	-	6,515,546
Total investments by fair value level	<u>\$ 53,749,193</u>	<u>\$ 47,233,647</u>	<u>\$ -</u>	<u>\$ 6,515,546</u>
Investments measured at the net asset value (NAV)				
Pinehurst Institutional, Ltd.	6,513,389			
Park Street Capital Private Equity Funds VII, LP	543,902			
Park Street Natural Resources Fund IV	299,200			
Portfolio Advisors Private Equity Fund VI	904,811			
Portfolio Advisors Private Equity Fund VII	494,156			
Portfolio Advisors Private Equity Fund VIII	368,977			
Mercer Hedge Fund	7,252,602			
Mercer Private Investment Partners III	673,786			
Goldman Sachs & Company GS Distressed Opportunities Fund IV, LP	581,440			
Montauk TriGuard V	316,697			
Neuberger Berman Secondary Opportunities Fund III	216,844			
Neuberger Berman Crossroads Fund XXI	141,263			
Copper Rock International Small Cap	1,898,711			
Total investments measured at the NAV	<u>20,205,778</u>			
Total investments measured at fair value	<u>\$ 73,954,971</u>			

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As part of the Foundation's investment portfolio, there are investments in entities in which purchases and withdrawals within these entities are not made in an open market. Instead, the purchases and withdrawals occur with the entities, and in certain circumstances, those transactions are entirely controlled and/or restricted by the entity. The fair value of these investments is determined by the management of the entities and is reported to the Foundation as the Foundation's proportionate share of the net asset fair value of the entity.

The following tables provide information relative to these types of investments. The additional information that follows the tables provides information associated with these investments. Non of the investments are probable of being sold at an amount different from net asset value per share.

For the investments shown, the Foundation is not able to redeem the investments until the termination date of the fund. As such, there is no redemption frequency or redemption notice period shown. The final termination date of each fund is presented in the table. The terminate date is estimated as most funds have an option of extending the fund for an additional period of time, if needed or desired.

Category	Fair Value		Unfunded Commitments	Termination Date of Fund
	6/30/2017	6/30/2016		
Park Street Capital Private Equity Funds VII, LP	\$ 448,256	\$ 543,902	\$ 20,000	4/14/2018 to 4/14/2019
Park Street Natural Resources Fund IV	289,455	299,200	13,750	9/30/2024
Portfolio Advisors Private Equity Fund VI	857,142	904,811	432,364	7/30/2022 to 7/30/2024
Portfolio Advisors Private Equity Fund VII	551,645	494,156	262,018	4/18/2024 to 4/15/2026
Portfolio Advisors Private Equity Fund VIII	582,491	368,977	887,666	10/15/2026 to 10/15/2028
Mercer Private Investment Partners III	942,797	673,786	403,750	7/10/2027
Goldman Sachs & Company GS Distressed Opportunities Fund IV, LP	452,051	581,440	453,236	5/15/2018
Montauk TriGuard V	250,159	316,697	270,000	7/1/2023 to 7/1/2025
Neuberger Berman Secondary Opportunities Fund III	312,085	216,844	231,828	1/5/2022
Neuberger Berman Crossroads Fund XXI	453,353	141,263	1,065,000	10/23/2025 to 10/23/2027
	<u>\$ 5,139,434</u>	<u>\$ 4,541,076</u>	<u>\$ 4,039,612</u>	

The following investments are also valued at the Foundation's proportionate share of the net asset value of the entity. However, these funds are liquid and can be redeemed with the required notification period.

	Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	6/30/2017	6/30/2016			
Pinehurst Institutional, Ltd.	\$ 7,188,934	\$ 6,513,389	\$ -	Quarterly	100 days
Mercer Hedge Fund	7,854,339	7,252,602	-	Quarterly	100 days
Copper Rock International Small Cap	2,170,806	1,898,711	-	Daily	1 day
	<u>\$ 17,214,079</u>	<u>\$ 15,664,702</u>	<u>\$ -</u>		

More detailed information on each entity valued at the net asset value is available within the Foundation's audited financial statements.

**Long-Term Liabilities**

The Foundation had amounts due to others as of June 30, 2017 and 2016, in the total amounts of \$4,064,448 and \$3,954,355, respectively. These liabilities arose as the Foundation acts as the trustee for certain trusts. Also, the Foundation has control of the assets under certain split interest agreements which will eventually need to be paid to outside parties.

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**22 IMPAIRMENT LOSS**

During fiscal year 2016, the University determined that one of its residence halls, Carman Hall, had suffered an impairment due to a lower service utility. The impairment loss, equal to the net book value of Carman Hall, was \$1,145,177.

**23 SUBSEQUENT EVENTS**

The University received a fiscal year 2017 appropriation from the State of Illinois that allows either fiscal year 2016 or fiscal year 2017 expenses to be charged against it. The University chose to charge \$19,708,389 of fiscal year 2016 expenses against that appropriation. Due to governmental accounting standards, the full appropriation revenue of \$26,222,000 was recorded in fiscal year 2017.

The University received a fiscal year 2017 appropriation from the State of Illinois of \$16,753,700, where fiscal year 2017 expenses were charged against it but due to governmental accounting standards, the appropriation revenue will not be recognized until fiscal year 2018.

**24 PRIOR PERIOD ADJUSTMENT**

Subsequent to the issuance of the June 30, 2016 financial statements, the University determined there was an error in the reporting of the Auxiliary Facilities System's assets and net position. The following financial statement line items as of June 30, 2016 were affected by the correction:

	As Previously <u>Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of Net Position			
Assets			
Cash and cash equivalents	\$ 8,221,888	\$ (8,221,888)	\$ -
Restricted cash and cash equivalents	9,958,516	8,221,888	18,180,404
Short-term investments	243,089	(62,525)	180,564
Restricted short-term investments	59,513	62,525	122,038
Total	<u>\$ 18,483,006</u>	<u>\$ -</u>	<u>\$ 18,483,006</u>
Net position			
Restricted-expendable			
Bond System	\$ -	\$ 13,582,365	\$ 13,582,365
Unrestricted	7,371,476	(13,582,365)	(6,210,889)

REQUIRED SUPPLEMENTARY INFORMATION

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	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>
<b>SCHEDULE OF SHARE OF NET PENSION LIABILITY</b>			
(a) Proportionate percentage of the collective net pension liability	0%	0%	0%
(b) Proportionate amount of the collective net pension liability	\$ -	\$ -	\$ -
(c) Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with employer	\$ 510,532,400	\$ 514,473,091	\$ 496,551,246
Total (b) + (c)	\$ 510,532,400	\$ 514,473,091	\$ 496,551,246
Employer covered employee payroll	\$ 84,737,974	\$ 78,757,272	\$ 69,102,566
Proportion of collective net pension liability associated with employer as a percentage of covered-employee payroll	602.48%	653.24%	718.57%
SURS Plan Net Position as a percentage of total pension liability	44.39%	42.37%	39.57%

**SCHEDULE OF CONTRIBUTIONS**

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>
Federal, trust, grant, and other contributions	\$ 138,371	\$ 120,181	\$ 158,747	\$ 160,167
Contribution in relation to required contribution	\$ 138,371	\$ 120,181	\$ 158,747	\$ 160,167
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer covered employee payroll	\$ 84,737,974	\$ 78,757,272	\$ 87,014,389	\$ 76,367,617
Contributions as a percentage of covered-employee payroll	0.16%	0.15%	0.18%	0.21%

**1. Changes of Benefit Terms**

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2016.

**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, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- \* Mortality rates. Change from the RP2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- \* Salary increase. Change assumption to service-based rates, ranging from 3.75% to 15.00% based on years of service, with underlying wage inflation of 3.75%.
- \* Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- \* Early retirement rates. Change to a slight increase to the rates at ages 55 and 56.
- \* Turnover rates. Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- \* Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- \* Dependent assumption. Maintain the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

**3. Covered Payroll**

The definition of covered payroll has been redefined in GASB Statement Number 82, *Pension Issues - An Amendment of GASB Statements Number 67, Number 68, and Number 73*. Below are the definitions from the glossaries of each Statement.

*GASB 67 Covered-Employee Payroll.* The payroll of employees that are provided with pensions through the pension plan.

*GASB 82 Covered Payroll.* All elements included in compensation paid to active employees on which contributions to a pension plan are based.

OTHER INFORMATION  
(UNAUDITED)

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 UNAUDITED DATA REQUIRED BY REVENUE BOND RESOLUTIONS  
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SCHEDULE OF INSURANCE

Insurance Coverage:

Insurance covers property damage to buildings, contents, business interruption, and electronic data processing. Coverage is for fire, lightning, windstorms, hail, explosion, riot, civil commotion, vandalism and malicious mischief, and flood and earthquake.

	<u>Coverage Amount</u>	<u>Deductible</u>
Most building, contents, business interruption, electronic data processing, and builder's risk	\$ 500,000,000	\$ 50,000
Boiler and machinery	\$ 100,000,000	\$ 50,000
Flood	\$ 100,000,000	\$ 50,000
Earthquake	\$ 100,000,000	\$ 50,000

Insurance company: Lexington Insurance Company

Policy period: July 1, 2016 to July 1, 2017



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RATES	<u>Double Occupancy</u>	<u>Single Occupancy</u>
Residence halls		
Summer 2016 (8 week session)	\$ 1,568	\$ 1,965
Fall 2016		
7 meals	\$ 4,233	\$ 5,083
10 meals	4,422	5,272
12 meals	4,588	5,438
15 meals	4,773	5,623
Spring 2017		
7 meals	\$ 4,233	\$ 5,083
10 meals	4,422	5,272
12 meals	4,588	5,438
15 meals	4,773	5,623
Summer 2017 (8 week session)	\$ 1,568	\$ 1,965

RATES	<u>1 1/2 Room Apartment</u>	<u>2 Room Apartment</u>	<u>Efficiency</u>
Married student housing (monthly rent)			
Fall 2016	\$ 488	\$ 513	\$ 457
Spring 2017	\$ 488	\$ 513	\$ 457
Summer 2017	\$ 488	\$ 513	\$ 457

	<u>Range</u>			
University Court (semester)				
Fall 2016	\$ 2,460	to	\$ 3,302	
Spring 2017	\$ 2,460	to	\$ 3,302	
Summer 2017 (8 week session)	\$ 980	to	\$ 1,100	

	<u>Fees</u>
Bond revenue fees	
Summer 2015	\$ 451.08
Fall 2015	\$ 451.08
Spring 2016	\$ 451.08
Summer 2016	\$ 451.08

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ENROLLMENT DATA

<u>Enrollment Date</u>	<u>Undergraduate Students</u>	<u>Graduate Students</u>	<u>Extension Students</u>	<u>Total</u>
Summer 2016	854	560	1,604	3,018
Fall 2016	5,414	1,134	867	7,415
Spring 2017	4,715	1,110	848	6,673
Summer 2017	699	619	1,513	2,831

OCCUPANCY DATA

<u>OCCUPANCY</u>	<u>Occupancy</u>	<u>Rated Occupancy</u>	<u>% of Occupancy</u>
Residence halls			
Summer 2016	12	150	8%
Fall 2016	1,990	4,722	42%
Spring 2017	1,828	4,722	39%
Summer 2017	43	150	29%
Married student housing			
Summer 2016	28	130	22%
Fall 2016	54	130	42%
Spring 2017	49	130	38%
Summer 2017	22	130	17%
University Court			
Summer 2016	40	146	27%
Fall 2016	133	146	91%
Spring 2017	128	146	88%
Summer 2017	42	146	29%