SIKICH

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY

FINANCIAL AUDIT

For the Years Ended June 30, 2018 and 2017

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

SIKICH.COM

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
FINANCIAL AUDIT
For the Years Ended June 30, 2018 and 2017

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Other Reports Issued Under Separate Cover:

The University's compliance examination report (including the single audit) for the year ended June 30, 2018, which includes the Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes, and the Schedule of Findings has been issued separately.

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, 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 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, 2018

UNIVERSITY OFFICIALS

President	Dr. David M. Glassman
Provost and Vice President for Academic Affairs	Dr. Jay D. Gatrell
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 (through 6/30/18) Ms. Laura McLaughlin (starting 7/30/18)
Director of Internal Auditing	Ms. Leigh C. Moon

BOARD OF TRUSTEES (as of June 30, 2018)

Chairperson	Mr. Timothy Burke
Vice Chairperson	Ms. Barbara Baurer
Secretary	Mr. Carl Mito
Member Pro-Temp	Mr. Phillip Thompson
Member	Mr. Daniel P. Caulkins
Member	Mr. Joseph R. Dively
Member	Dr. Jan Spivey Gilchrist
Student Member	Mr. Derek Pierce

University offices are located at:

600 Lincoln Avenue
Charleston, Illinois 61920

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
FINANCIAL AUDIT
For the Years Ended June 30, 2018 and 2017

FINANCIAL REPORT SUMMARY

The audit of the accompanying financial statements of Eastern Illinois University (University) was performed by Sikich LLP.

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

EXIT CONFERENCE

The University waived holding an exit conference to discuss the financial audit in a communication dated March 13, 2019.

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 the Eastern Illinois University (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the 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 the Eastern Illinois University and its aggregate discretely presented component units, as of June 30, 2018, 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.

Prior Period Financial Statements

The financial statements of the Eastern Illinois University as of June 30, 2017, were audited by other auditors whose report dated March 12, 2018, expressed unmodified opinions on those financial statements. As discussed in Note 22 to the financial statements, the University has adjusted its 2017 financial statements to retrospectively apply the change in accounting as a result of implementing GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. In addition, the University reported its aggregate discretely presented component units using GASB accounting standards in its previously issued 2017 financial statements. As discussed in Note 21, the University has adjusted its 2017 financial statements to present its aggregate discretely presented component units using Financial Accounting Standards Board (FASB) accounting standards. The other auditors reported on the financial statements before the retrospective adjustment and change in presentation.

As part of our audit of the 2018 financial statements, we also audited the adjustments to the 2017 financial statements to retrospectively apply the change in accounting from the University's GASB Statement No. 81 implementation, as described in Note 22. In our opinion, such adjustments are appropriate and have been properly applied. The University's aggregate discretely presented component unit 2017 financial statements, as restated, were audited by other auditors whose reports have been furnished to us. We did not audit the restated 2017 financial statements of the aggregate discretely presented component units. We were not engaged to audit, review, or apply any procedures to the Eastern Illinois University's 2017 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

Emphasis of Matters

As discussed in Note 1 to the financial statements, during the year ended June 30, 2018, the University adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The implementation of this statement resulted in a restatement of July 1, 2017, net position as described in Note 22. The University's financial statements for the year ended June 30, 2017 were not restated for GASB Statement No. 75 as information was not available.

As discussed in Note 22 to the financial statements, the University implemented GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which required the recognition of assets and deferred inflow of resources for applicable trusts at June 30, 2018 and 2017.

As discussed in Note 1 to the financial statements, the University implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* during the year ended June 30, 2018.

As discussed in Note 17 to the financial statements, Public Act 100-0021 granted the University fiscal year 2017 appropriations totaling $16,753,700, which the University used to pay fiscal year 2017 costs as allowed by Public Act 100-0021. Even though this law appropriated funds for the fiscal year ended June 30, 2017, it was enacted on July 6, 2017. As such the University recognized this nonoperating appropriations revenue from the State of Illinois during the year ended June 30, 2018, in accordance with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the University's aggregate discretely presented component units financial statements for the year ended June 30, 2017, have been restated to report using FASB standards rather than GASB.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United State of America require that the Management's Discussion and Analysis on pages 7 to 16, the Schedule of Share of Net Pension Liability, the Schedule of Contributions, the Schedule of the University's Proportionate Share of the Total OPEB Liability and Notes to Required Supplementary Information on pages 58 to 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 general accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
March 13, 2019

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, 2018 and 2017 with comparative information for the year ended June 30, 2016. 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 7,000 students and employs approximately 1,200 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. 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.

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 $55,439,800 and $31,812,000, respectively, and payments on behalf of the University of $69,174,352 and $76,213,363, respectively, are reported as nonoperating revenues and results in the University showing operating losses of $141,458,093 and $126,404,548 for the years ended June 30, 2018 and 2017, 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, 2018, the University's net position increased by approximately $0.7 million to $204.0 million. During the year ended June 30, 2017, the University's net position decreased by approximately $10.1 million to $203.3 million. The University restated its net position by $9,750,275 as of the beginning of fiscal year 2018 to comply with GASB Statement No. 75.

Statement of Net Position

Condensed Statement of Net Position, as of June 30,

	2018	2017	2016
Assets			
Current assets	$ 58,718,575	$ 40,425,626	$ 39,824,756
Noncurrent assets			
Capital	255,863,505	279,406,670	287,467,406
Other	10,873,398	10,979,093	10,284,901
Total noncurrent assets	266,736,903	290,385,763	297,752,307
Total assets	325,455,478	330,811,389	337,577,063
Deferred outflows of resources	907,387	160,167	158,747
Total Assets and Deferred Outflows of Resources	326,362,865	330,971,556	337,735,810
Liabilities			
Current liabilities	18,468,068	19,501,979	20,732,735
Noncurrent liabilities	102,377,015	97,964,865	103,599,854
Total liabilities	120,845,083	117,466,844	124,332,589
Deferred inflows of resources	1,436,613	454,277	-
Total liabilities and deferred inflows of resources	122,281,696	117,921,121	124,332,589
Net Position			
Net investment in capital assets	172,394,792	189,502,198	192,807,394
Restricted			
Nonexpendable	5,240,695	5,093,655	4,958,720
Expendable	21,477,395	23,923,299	21,847,996
Unrestricted	4,968,287	(5,468,717)	(6,210,889)
Total net position	$ 204,081,169	$ 213,050,435	$ 213,403,221

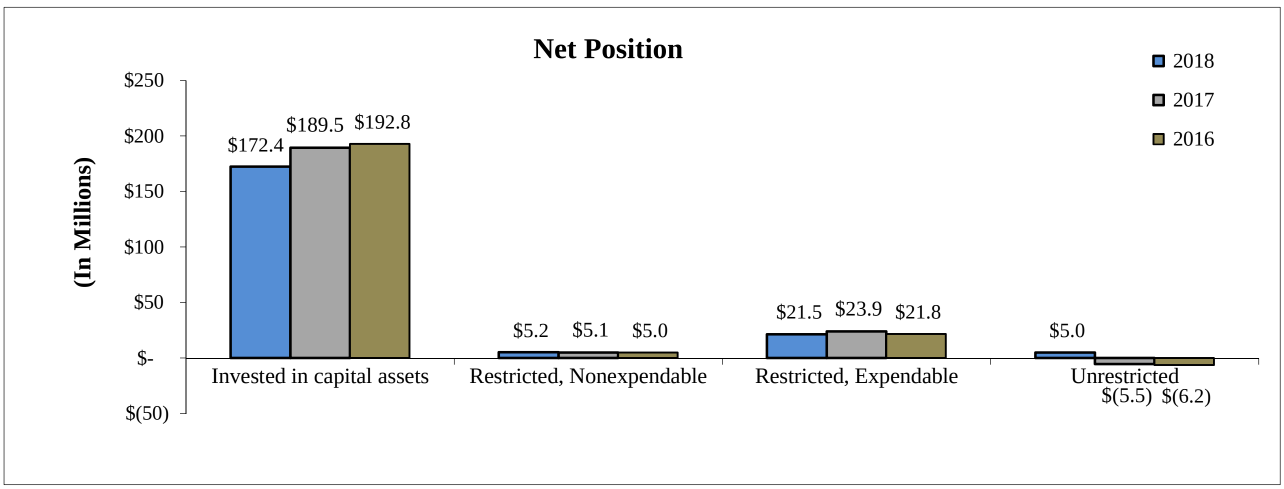
University assets totaled about $325.5 and $330.8 million at June 30, 2018 and 2017, respectively. The largest asset of the University is its net investment in land, buildings, and equipment, which totaled approximately $255.9 and $279.4 million at June 30, 2018 and 2017, respectively.

University liabilities totaled approximately $120.8 and $127.5 million at June 30, 2018 and 2017, respectively. Long-term debt of approximately $102.4 and $108.0 million at June 30, 2018 and 2017, 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.

During the year ended June 30, 2018, the University implemented GASB Statement No. 75, which required the University to include a liability for other post-employment benefits (OPEB). The State of Illinois has responsibility for paying OPEB. The State allocated the University a liability of approximately $10.2 million at June 30, 2018.

The University's current assets of approximately $58.7 and $40.4 million for June 30, 2018 and 2017, respectively, were sufficient to cover the current liabilities of approximately $18.5 and $19.5 million for June 30, 2018 and 2017, respectively. The current ratio of current assets to current liabilities was $3.18 and $2.07 in current assets for every $1 in current liabilities at June 30, 2018 and 2017, respectively.

The following graph shows net position by classification and restriction:



Capital Assets and Related Financing Activities

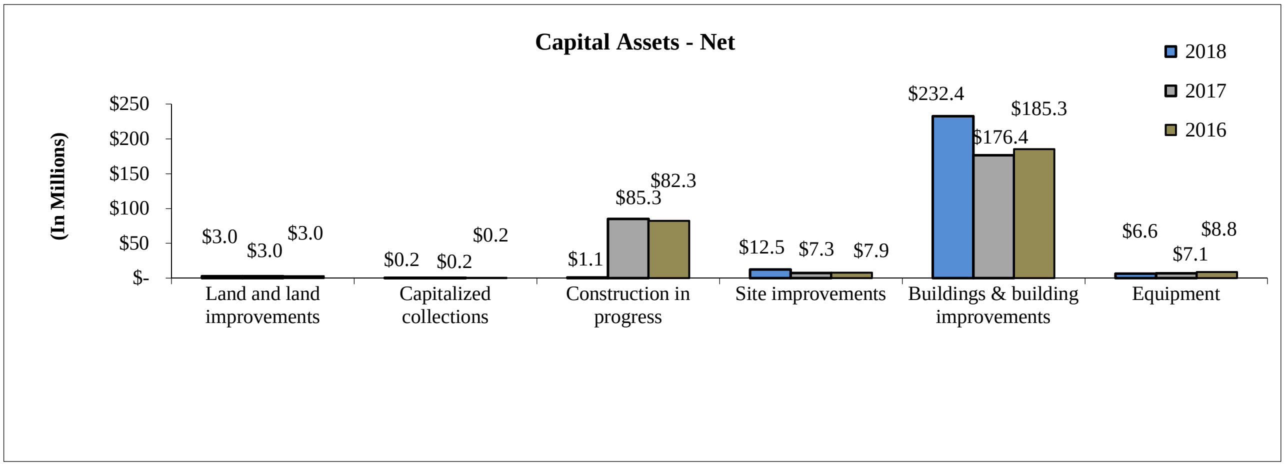
The Eastern Illinois University facilities include 73 buildings totaling about 3 million gross square feet. Funding from state, private, borrowed, and internal sources are used to accomplish the capital objectives of the University.

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 $2.7 and $7.0 million for fiscal years 2018 and 2017, respectively. This includes building improvements to residence halls and other campus buildings, classroom renovations and improvements, and an addition to the Tarble Arts Center.

The University had approximately $8.3 and $9.4 million of bonded debt outstanding and $78.5 and $82.2 million of certificates of participation (COPS) outstanding at June 30, 2018 and 2017, 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.

More information on the University's net liability for pensions and other postemployment benefits (OPEB) can be found in Notes 14 and 15.

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



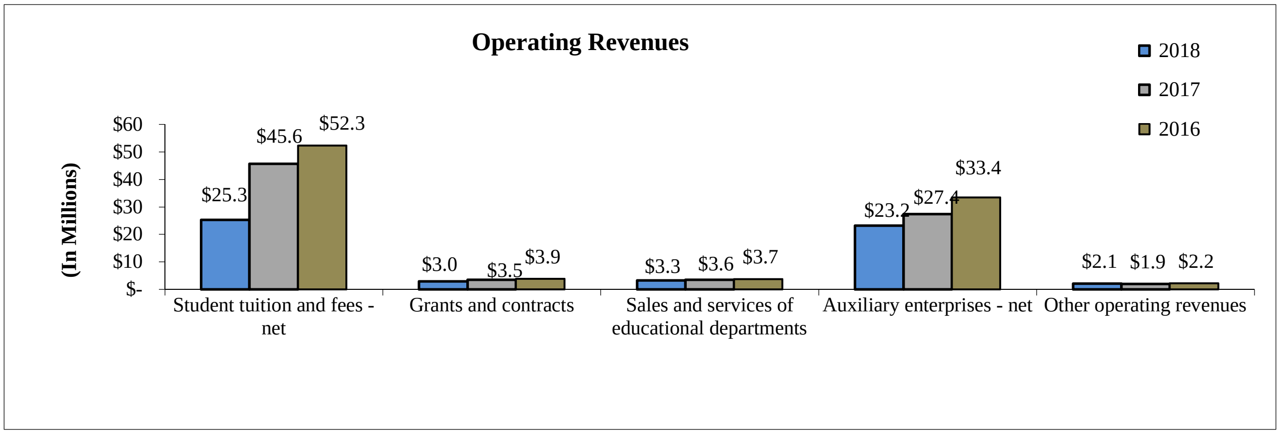
Statement of Revenues, Expenses and Changes in Net Position

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

	2018	2017	2016
Operating revenues			
Tuition and fees, net	$ 25,329,798	$ 45,641,268	$ 52,312,571
Grants and contracts	2,954,232	3,519,142	3,913,450
Auxiliary enterprises	23,209,418	27,364,130	33,448,968
Other operating revenues	5,426,262	5,507,290	5,949,996
Total operating revenues	56,919,710	82,031,830	95,624,985
Operating expenses	198,377,803	208,436,378	214,552,126
Operating income (loss)	(141,458,093)	(126,404,548)	(118,927,141)
Nonoperating revenues (net of expenses)			
State appropriations	55,439,800	31,812,000	12,464,500
Payments on behalf of the University	69,174,352	76,213,363	68,730,270
Other net nonoperating revenues (expenses)	25,779,435	18,018,471	19,155,283
Net nonoperating revenues and expenses	150,393,587	126,043,834	100,350,053
Income (loss) before capital contributions	8,935,494	(360,714)	(18,577,088)
Capital appropriations	249,364	(2,756)	-
Other revenues and expense	(8,403,849)	10,684	(1,123,594)
Total increase (decrease) in net position	781,009	(352,786)	(19,700,682)
Net position-beginning of year	213,050,435	213,403,221	233,096,856
Restatement for GASB No. 75	(9,750,275)	-	-
Net position-end of year	$ 204,081,169	$ 213,050,435	$ 213,396,174

Operating Revenues

Total operating revenues for fiscal year 2017 and 2016 totaled $56.9 and $82.0 million, respectively. The sharp decline between the years is due to the State's funding of the Monetary Assistance Program (MAP). The most significant sources of operating revenues were tuition and fees, grants and contracts, and auxiliary services as shown in the graph below:



Due to accounting requirements, a portion of the State's appropriation intended to cover fiscal year 2017 expenditures was recorded as nonoperating revenues in fiscal year 2018, accounting for the increase.

Other nonoperating revenues of $25.8 and $18.0 million in fiscal years 2018 and 2017, 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 2018, tuition was increased 1.0% over fiscal year 2017. Tuition was increased 1.4% from fiscal year 2016 to 2017. Decreases in enrollment caused net tuition and fee revenue to decrease between fiscal years 2016 and 2018.

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 2018 through 2016.

Full-time Undergraduates	2018	2017	2016
In-State			
Continuing Non-Guaranteed	$289.00/hour + $1,385.36 fees/semester	$287.00/hour + $1,272.68 fees/semester	$283.00/hour + $1,198.70 fees/semester
New Students FY13	$279.00/hour + $1,385.36 fees/semester	$279.00/hour + $1,381.64 fees/semester	$279.00/hour + $1,307.66 fees/semester
New Students FY14	$283.00/hour + $1,385.36 fees/semester	$283.00/hour + $1,381.64 fees/semester	$283.00/hour + $1,307.66 fees/semester

	2018	2017	2016
New Students FY15	$283.00/hour + $1,385.36 fees/semester	$283.00/hour + $1,381.64 fees/semester	$283.00/hour + $1,307.66 fees/semester
New Students FY16	$285.00/hour + $1,385.36 fees/semester	$285.00/hour + $1,381.64 fees/semester	$285.00/hour + $1,307.66 fees/semester
New Students FY17	$289.00/hour + $1,385.36 fees/semester	$289.00/hour + $1,381.64 fees/semester	
New Students FY18	$292.00/hour + $1,385.36 fees/semester		
Out-of-State			
Continuing Non-Guaranteed	$365.00/hour + $1,385.36 fees/semester	$361.00/hour + $1,272.68 fees/semester	$356.00/hour + $1,198.70 fees/semester
New Students FY13	$356.00/hour + $1,385.36 fees/semester	$356.00/hour + $1,381.64 fees/semester	$356.00/hour + $1,307.66 fees/semester
New Students FY14	$356.00/hour + $1,385.36 fees/semester	$356.00/hour + $1,381.64 fees/semester	$356.00/hour + $1,307.66 fees/semester
New Students FY15	$356.00/hour + $1,385.36 fees/semester	$356.00/hour + $1,307.66 fees/semester	$356.00/hour + $1,307.66 fees/semester
New Students FY16	$356.00/hour + $1,385.36 fees/semester	$356.00/hour + $1,381.64 fees/semester	$356.00/hour + $1,307.66 fees/semester
New Students FY17	$361.00/hour + $1,385.36 fees/semester	$361.00/hour + $1,381.64 fees/semester	
New Students FY18	$365.00/hour + $1,385.36 fees/semester		
Full-time Graduates			
In-State and entered prior to fall 2007 semester	$292.00/hour + $1,388.36 fees/semester	$289.00/hour + $1,275.68 fees/semester	$285.00/hour + $1,201.70 fees/semester
In-State and entered in fall 2007 semester or after	$292.00/hour + $1,388.36 fees/semester	$289.00/hour + $1,384.64 fees/semester	$285.00/hour + $1,310.66 fees/semester
Out-of-State and entered prior to fall 2007 semester	$701.00/hour + $1,388.36 fees/semester	$694.00/hour + $1,275.68 fees/semester	$684.00/hour + $1,201.70 fees/semester
Out-of-State and entered in fall 2007 semester or after	$701.00/hour + $1,388.36 fees/semester	$694.00/hour + $1,384.64 fees/semester	$684.00/hour + $1,310.66 fees/semester

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 2017 and 2016, respectively, the residence halls were about 36% and 42% occupied, the University Apartments were about 69% and 42% occupied, and University Court was 100% and 91% occupied.

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

	2018	2017	2016
University Apartments			
Efficiency	$488/month	$488/month	$488/month
One bedroom	$513/month	$513/month	$513/month
Super efficiency	$457/month	$457/month	$457/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

	2018	2017	2016
Residence Halls			
7 Plus Meal Plan	$4,317/semester	$4,233/semester	$4,233/semester
10 Plus Meal Plan	$4,510/semester	$4,422/semester	$4,422/semester
12 Plus Meal Plan	$4,680/semester	$4,588/semester	$4,588/semester
15 Plus Meal Plan	$4,868/semester	$4,773/semester	$4,773/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

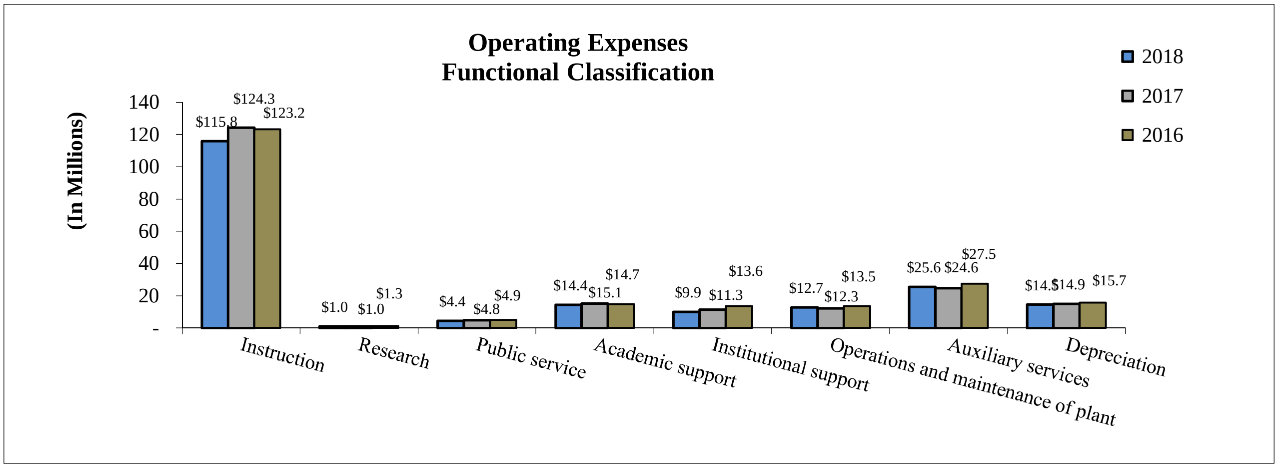
GASB Statement No. 35 gives the reporting entities the choice of reporting expenses in functional or natural classifications. The University chose to report the expenses in their functional categories on the face of the statement and has displayed the natural categories in the footnotes to the financial statements. The operating expenses for fiscal year 2018, including depreciation of $14.5 million, totaled $198.4 million. Under the functional classifications, $115.8 million, or 58%, was used for instruction, student aid, and student services; $25.6 million, or 13%, was used for auxiliary services; $27.2 million, or 14%, was used for operations and maintenance of plant and depreciation; $9.9 million, or 5%, was used for institutional support, which includes such areas as computer services and University police; $14.4 million, or 7%, was used for academic support, for such areas as the library and various deans' offices; and $5.4 million, or 3%, was used for research and public service, for such areas as grants and contracts.

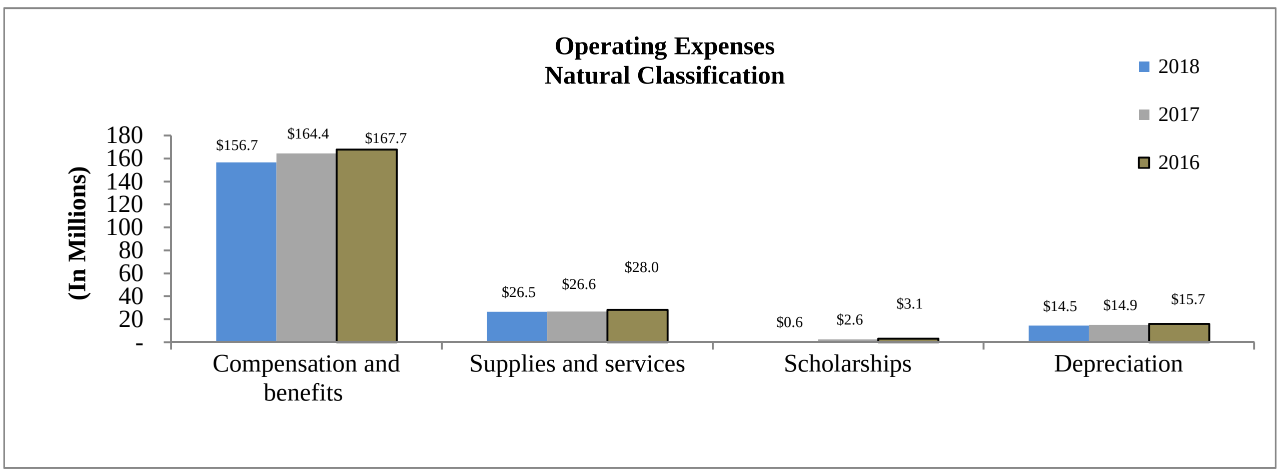
Under the natural classifications, $156.6 million, or 79%, was used for compensation and benefits; $26.5 million, or 13%, was used for supplies, contractual services, travel, repairs and maintenance, utilities and other; $0.6 million, or less than 1%, was used for scholarships; and $14.5 million, or 7%, was depreciation.

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 deans' 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.

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





Other

For both fiscal years 2018 and 2017, payments on behalf of the University were the largest source of nonoperating revenues at $69.2 and $76.2 million, respectively. This represents amounts allocated to the University by the State of Illinois for employee benefits paid by the State. The State's appropriation, amounting to $55.4 and $31.8 million in fiscal years 2018 and 2017, respectively, is also a significant nonoperating revenue.

Interest expense on outstanding debt was the largest category of nonoperating expenses for both fiscal years 2018 and 2017. For fiscal years 2018 and 2017, interest expense was $5.3 and $1.5 million, respectively. The sharp increase is due to the University's implementation of GASB Statement No. 89 during fiscal year 2018, which does not allow for capitalization of interest incurred for construction of capital assets.

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.

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

	2018	2017	2016
Cash provided (used) by:			
Operating activities	$ (51,192,421)	$ (39,392,008)	$ (41,160,832)
Noncapital financing activities	85,700,860	50,846,449	39,077,864
Capital and related financing activities	(10,402,019)	(13,590,962)	(17,952,708)
Investing activities	903,843	361,102	82,672
Net increase (decrease) in cash and cash equivalents	25,010,263	(1,775,419)	(19,953,004)
Cash and cash equivalents, beginning of year	16,404,985	18,180,404	38,133,408
Cash and cash equivalents, end of year	$ 41,415,248	$ 16,404,985	$ 18,180,404

Major sources of funds included in operating activities are student tuition and fees and auxiliary services. Student tuition and fees provided $31.4 and $40.0 million for fiscal years 2018 and 2017, respectively. Auxiliary enterprises income provided $23.2 and $27.6 million for fiscal years 2018 and 2017, respectively. The major source of funds included in noncapital financing activities for each year is State appropriations, which provided $55.4 and $31.8 million for fiscal years 2018 and 2017, respectively. Another major source and use of funds included in noncapital financing activities is student loan receipts and disbursements, which were $32.2 and $36.6 million in fiscal years 2018 and 2017, 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 increased from $31.8 million in fiscal year 2017 to $55.4 million in fiscal year 2018. A portion of the appropriation recognized in fiscal year 2018 is attributed to fiscal year 2017 expenditures. For fiscal year 2019, the University has received an appropriation of $39.5 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 2018, 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 2017. The University is unable to estimate potential tuition and fee increases for fiscal year 2020.

Enrollment. After several years of declining enrollment, the University is striving to stabilize its enrollment. The University has rebranded itself and expanded its marketing efforts to let people know the value of Eastern Illinois University. Additionally, at the beginning of fiscal year 2019, the University realigned its academic areas, adding a new College of Health and Human Services and merging the College of Arts and Humanities and the College of Sciences into the College of Liberal Arts and Sciences. For fall of 2018, the University's first-time freshmen enrollment increased 24.5% over fall of 2017.

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 2018, the typical room and board rate for a full-time student increased $92 to $4,680 from the fall semester of 2017.

Gifts and grants. As other funding sources decline, private gifts become a more important source of funding for University operations. In association with the Eastern Illinois University Foundation, about $3.4 million was raised in new gifts and additions to the endowment during fiscal year 2018. The Foundation's annual return on its endowment in fiscal year 2018 was 6.8%, which is 2.8% lower than the Broad Policy Index return of 9.6%. The lower rate was caused by the asset mix of the Foundation's endowment.

Bargaining agreements. The University approved an agreement with the University Professionals of Illinois (UPI) Local 4100 (the union representing University faculty members) through August of 2022. UPI represents approximately 408 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 continues to work through a process to assess the viability, efficiency, and sustainability of the University's academic and other programs and services. Nine committees provided the University's President and Board of Trustees with recommendations for potential changes to the current academic programs, student services, information technology, intercollegiate athletics, enrollment management, facilities, marketing and branding, and academic visioning. The University is in the process of implementing the recommendations.

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

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	University		Component Units	
	2018	2017	2018	2017
Assets				
Current assets:				
Cash and cash equivalents	$ 24,854,043	$ -	$ 853,551	$ 815,204
Restricted cash and cash equivalents	16,561,205	16,404,985	8,239,837	6,330,174
Short-term investments	-	173,714	1,604,812	1,300,905
Restricted short-term investments	64,976	124,120	2,677,512	3,577,497
Accounts receivable, net	13,947,599	20,703,201	190,617	366,274
Interest receivable	-	550	-	-
Inventories	1,451,325	1,580,142	-	-
Notes receivable, current portion, net	882,233	936,225	-	-
Other assets	957,194	502,689	83,392	29,366
Total current assets	58,718,575	40,425,626	13,649,721	12,419,420
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	752,470	1,521,539
Notes receivable, less current portion, net	5,088,288	5,357,589	-	-
Endowment investments	5,309,156	5,155,843	27,136,397	51,436,523
Restricted investments	467,462	454,277	49,044,197	20,369,188
Other long-term investments	-	-	1,029,895	1,240,870
Other long-term assets	8,492	11,384	6,219,444	6,390,071
Capital assets, net	255,863,505	279,406,670	1,823,501	1,857,624
Total noncurrent assets	266,736,903	290,385,763	86,005,904	82,815,815
Total assets	325,455,478	330,811,389	99,655,625	95,235,235
Deferred Outflows of Resources				
Other postemployment benefits	801,193	-	-	-
Pension	106,194	160,167	-	-
Total deferred outflows of resources	907,387	160,167	-	-
Total assets and deferred outflows of resources	326,362,865	330,971,556	99,655,625	95,235,235

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STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	University		Component Units	
	2018	2017	2018	2017
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	8,200,212	9,174,132	59,331	101,212
Unearned revenue	3,308,780	3,314,860	2,150	-
Long-term liabilities, current portion	6,959,076	7,012,987	31,967	35,042
Total current liabilities	18,468,068	19,501,979	93,448	136,254
Noncurrent liabilities:				
Long-term liabilities, less current portion	86,430,825	92,247,075	158,909	169,491
Due to others	-	-	-	-
Liability for other postemployment benefits	10,206,993	-	-	-
Federal loan program contributions refundable	5,739,197	5,717,790	-	-
Total noncurrent liabilities	102,377,015	97,964,865	158,909	169,491
Total liabilities	120,845,083	117,466,844	252,357	305,745
Deferred Inflows of Resources				
Other postemployment benefits	969,151	-	-	-
Beneficial interest of split interest agreements	467,462	454,277	-	-
Total deferred inflows of resources	1,436,613	454,277	-	-
Total liabilites and deferred inflows of resources	122,281,696	117,921,121	252,357	305,745
Net position:				
Net investment in capital assets	172,394,792	189,502,198	1,823,501	1,857,624
Restricted:				
Nonexpendable				
Endowments	5,240,695	5,093,655	56,882,841	56,106,816
Expendable				
Scholarships and fellowships	411,665	328,087	-	-
Instructional department uses	3,971,070	3,754,286	-	-
Loans	1,491,545	1,468,731	-	-
Debt service	2,869,777	3,314,770	-	-
Bond system	12,733,338	15,057,425	-	-
Other	-	-	36,119,942	33,482,195
Unrestricted	4,968,287	(5,468,717)	4,576,984	3,482,855
Total net position	$ 204,081,169	$ 213,050,435	$ 99,403,268	$ 94,929,490

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 YEARS ENDED JUNE 30, 2018 AND 2017

	University		Component Units	
	2018	2017	2018	2017
Operating Revenues				
Student tuition and fees (net of scholarship allowance of $35,031,397 in fiscal year 2018 and $23,405,522 in fiscal year 2017)	$ 25,329,798	$ 45,641,268	$ -	$ -
Federal grants & contracts	471,895	539,135	-	-
State grants & contracts	1,430,439	1,317,842	-	-
Local grants & contracts	204,714	113,328	-	-
Private grants & contracts	847,184	1,548,837	-	-
Sales and services of educational departments	3,316,291	3,557,412	-	-
Auxiliary enterprises (net of scholarship allowances of $4,248,787 in fiscal year 2018 and $3,648,233 in fiscal year 2017)	23,209,418	27,364,130	-	-
Gifts	-	-	1,966,487	4,863,964
Budget allocation from the University	-	-	502,849	491,871
Membership dues	-	-	53,115	41,960
Royalties and merchandise sales	-	-	30,000	28,000
Other operating revenues	2,109,971	1,949,878	132,564	149,835
Total operating revenues	56,919,710	82,031,830	2,685,015	5,575,630
Operating Expenses				
Operating expenses				
Educational and general				
Instruction	94,976,219	101,815,265	-	-
Research	987,472	1,036,870	-	-
Public service	4,392,451	4,834,413	-	-
Academic support	14,445,218	15,132,923	-	-
Student services	19,797,424	19,509,201	-	-
Institutional support	9,915,098	11,342,631	993,068	972,333
Operations and maintenance of plant	12,713,737	12,257,442	-	-
Student aid	1,042,162	2,952,220	-	-
Auxiliary enterprises	25,592,402	24,632,750	-	-
Depreciation expense	14,515,620	14,922,663	34,123	34,642
Total operating expenses	198,377,803	208,436,378	1,027,191	1,006,975
Operating income (loss)	(141,458,093)	(126,404,548)	1,657,824	4,568,655

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STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	University		Component Units	
	2018	2017	2018	2017
Nonoperating Revenues (Expenses)				
State appropriations - general	55,439,800	31,812,000	-	-
On-behalf for pension and group insurance	69,174,352	76,213,363	-	-
Gifts	2,832,106	2,751,384	-	-
Investment income (net)	726,708	355,661	2,334,669	$ 1,943,595
Net increase (decrease) in fair value of investments	97,040	211,865	3,346,307	6,252,541
Scholarships	-	-	(1,074,632)	(1,230,684)
Interest on capital asset-related debt	(5,272,555)	(1,510,701)	-	-
Nonoperating grants & contracts	25,930,139	14,771,828	-	-
Amortization of premiums and discounts	(6,970)	(6,346)	-	-
Grants to the University	-	-	(2,609,328)	(2,623,013)
Payments to the Foundation	(13,600)	(11,649)	-	-
Loss on disposal of capital assets	(17,543)	(99,782)	-	-
Other nonoperating activity	1,504,110	1,556,211	-	-
Total nonoperating revenues (expenses)	150,393,587	126,043,834	1,997,016	4,342,439
Income (loss) before other revenues (expenses)	8,935,494	(360,714)	3,654,840	8,911,094
Capital appropriations - State	249,364	(2,756)	-	-
Additions to permanent endowments	50,000	-	818,938	929,162
Special item - impairment loss	(8,453,849)	-	-	-
Capital grants & gifts	-	10,684	-	-
Increase (decrease) in net position	781,009	(352,786)	4,473,778	9,840,256
Net Position				
Net position, beginning of year	213,050,435	213,403,221		
Prior period adjustment for change in accounting principle	(9,750,275)	-		
Restated net position, beginning of year	203,300,160	213,403,221	94,929,490	85,089,234
Net position, end of year	$ 204,081,169	$ 213,050,435	$ 99,403,268	$ 94,929,490

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	University	
	2018	2017
Cash flows from operating activities		
Tuition and fees	$ 31,445,632	$ 39,955,796
Grants and contracts (noncapital)	3,299,882	3,400,565
Sales and services of educational departments	3,314,279	4,479,048
Auxiliary enterprises	23,191,520	27,600,808
Payments to suppliers	(26,733,552)	(26,376,841)
Payments to employees	(78,558,862)	(82,935,952)
Payments for employee benefits	(9,205,775)	(6,423,147)
Payments for scholarships and fellowships	(600,796)	(2,553,122)
Federal loan program contributions refundable	21,407	(42,150)
Loans issued to students	(697,329)	(1,026,990)
Collection of loans from students	1,020,621	979,303
Other receipts	2,310,552	3,550,674
Net cash used in operating activities	(51,192,421)	(39,392,008)
Cash flows from noncapital financing activities		
State appropriations	55,439,800	31,820,000
Grants to the University	2,882,106	2,751,384
Payments to the Foundation	(13,600)	(11,649)
Direct lending student loan receipts	32,199,298	36,635,826
Direct lending student loan disbursements	(32,199,298)	(36,635,826)
Other nonoperating activities	1,504,110	1,556,209
Nonoperating grants	25,888,444	14,730,505
Net cash provided by noncapital financing activities	85,700,860	50,846,449
Cash flows from capital and related financing activities		
Principal paid on capital debt and leases	(4,855,000)	(5,140,000)
Interest paid on capital debt and leases	(5,315,889)	(1,556,217)
Capital grants and gifts	(450)	10,684
Purchases of capital assets	(230,680)	(6,905,429)
Net cash used in capital and related financing activities	(10,402,019)	(13,590,962)
Cash flow from investing activities		
Proceeds from the sale and maturities of investments	337,040	456,633
Interest received on investments	727,258	355,735
Purchase of investments	(160,455)	(451,266)
Net cash provided by investing activities	903,843	361,102
Net increase (decrease) in cash and cash equivalents	25,010,263	(1,775,419)
Cash and cash equivalents, beginning of year	16,404,985	18,180,404
Cash and cash equivalents, end of year	$ 41,415,248	$ 16,404,985

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STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	University	
	2018	2017
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (141,458,093)	$ (126,404,548)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	14,515,620	14,922,663
Payments on behalf of the University	69,174,352	76,213,363
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	6,797,101	(2,428,734)
(Increase) decrease in inventory	128,817	92,833
(Increase) decrease in notes receivable	323,293	(47,688)
(Increase) decrease in other assets	(454,957)	(36,878)
(Increase) decrease in pension deferred outflows	53,973	(1,420)
(Increase) decrease in net OPEB liability and deferred outflows deferred inflows/outflows	624,676	
Increase (decrease) in accounts payable	108,466	(96,449)
Increase (decrease) in unearned revenue	(8,303)	(451,245)
Increase (decrease) in compensated absences	(961,682)	(904,390)
Increase (decrease) in federal loan program refundable	21,407	(42,150)
Increase (decrease) in other long-term liabilities	(2,499)	(155,365)
Increase (decrease) in deposits	(54,592)	(52,000)
Net cash used in operating activities	$ (51,192,421)	$ (39,392,008)
Noncash investing, capital, and financing activities:		
Change in fair value of investments	$ 97,040	$ 211,865
Change in interest receivable affecting interest received	(550)	(74)
Change in accrued interest affecting interest paid	(43,334)	(45,517)
Change in accrued costs relating to capital assets	(1,036,295)	59,035
State contribution of property, plant and equipment	249,364	(2,756)
Reconciliation of cash and cash equivalents to the Statement of Net Position:		
Cash and cash equivalents classified as current assets	$ 24,854,043	$ -
Restricted cash and cash equivalents classified as current assets	16,561,205	16,404,985
	$ 41,415,248	$ 16,404,985

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. Established in 1895 as a normal school, Eastern is a multi-purpose institution, continuing its heritage in teacher preparation while at the same time offering a 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 Alumni 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.

The University is a component unit of the State of Illinois for financial reporting purposes. The financial balances and activities included in these financial statements are therefore included in the State of Illinois' Comprehensive Annual Financial Report.

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 the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The Foundation and Alumni Association are private, not-for-profit organizations that report under accounting standards promulgated by the Financial Accounting Standards Board (FASB). As such, certain revenue criteria and other accounting rules are different from the revenue recognition criteria and accounting rules promulgated by the Governmental Accounting Standards Board (GASB), which the University follows. Beginning in fiscal year 2017, the Foundation and Alumni Association followed FASB standards for financial statement presentation. No modifications have been made to the Foundation or Alumni Association's financial information in the University's financial reporting entity for these differences. Only certain reclassifications have been made for consistency with the University's GASB presentation.

Cash and Cash Equivalents

Cash and cash equivalents of the University includes bank accounts and all highly liquid investments with an original maturity of three months or less at the date of purchase. 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 fair value during the reporting period are reported as a net increase (decrease) in the fair value of investments. Net investment income includes interest, dividends, and realized gains and losses.

Inventories

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

Accounts Receivable

Accounts receivable consist 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 include 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 are 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.

Capital Assets

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

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

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. The 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 two items that qualify for reporting in this category, the deferral of employer pension contributions and the deferral of other postemployment benefits (OPEB) due to differences in expected and actual experience and changes in proportion. 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. The University has two items that qualifies for reporting in this category, the deferral of other postemployment benefits and the University's interest in split-interest agreements.

The University has deferred its fiscal years 2018 (to fiscal year 2019) and 2017 (to fiscal year 2018) pension contributions as required by GASB No. 71. The pension contribution will be recognized as expense during the fiscal year noted above.

The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018. The University's postemployment benefits are provided by the State of Illinois under statute. Although the University is not liable for OPEB, the University is required to report a net OPEB liability as well as deferred inflows and outflows of resources under GASB Statement No. 75.

Income Taxes

The University, as a political subdivision of the State of Illinois, is generally excluded from Federal income taxes under Section 115(I) of the Internal Revenue Code, as amended. Certain activities of the University are subject to sales tax, and some activities may be subject to taxation as unrelated business income under the Internal Revenue Code.

Reclassifications

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

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.

On-Behalf for Pension and Group Insurance

The University reported on-behalf revenue and expense for its proportionate share of the State’s pension expense relative to the State Universities Retirement System for University employees, totaling $40,346,404 and $49,074,486 for the years ended June 30, 2018 and 2017, respectively. Similarly, the University also reported on-behalf revenue and expense for the State’s estimated support relative to the proportionate share of the State Employees Group Insurance Program allocable to the University’s active employees and retirees, totaling $28,827,948 and $27,138,877 for the years ended June 30, 2018 and 2017, respectively. The on-behalf revenues are reported as nonoperating revenues (State appropriations – pension & group insurance) and the associated on-behalf expenses are reported within operating 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.

New Accounting Pronouncements

As more fully described in Note 15, the University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* during fiscal year 2018.

As more fully described in Note 22, the University implemented GASB Statement No. 81, *Irrevocable Split-Interest Agreements,* during fiscal year 2018. The University identified two trusts held by external parties in which it is a beneficial owner. The University's beneficial interest in these trusts was calculated to be $467,462 and $454,277, at June 30, 2018 and 2017, respectively.

The University also chose to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This GASB Statement superseded previous guidance, which required the capitalization of interest incurred while constructing capital assets under certain conditions. If the University had chosen to capitalize interest in accordance with previous guidance, its net position would have increased approximately $3.7 million.

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 $217,695 and $232,684 at June 30, 2018 and 2017, 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 $27,121 and $27,441, at June 30, 2018 and 2017, 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, 2018 and 2017, are as follows:

	At June 30, 2018		
Effective Maturity	0-1 Years	1-5 Years	6-10 Years
Illinois Funds	$ 39,097,242	$ -	$ -
Mutual Bond Funds	-	-	568,695
	$ 39,097,242	$ -	$ 568,695

	At June 30, 2017		
Effective Maturity	0-1 Years	1-5 Years	6-10 Years
Illinois Funds	$ 15,276,683	$ -	$ -
Mutual Bond Funds	-	-	569,918
	$ 15,276,683	$ -	$ 569,918

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.

	At June 30, 2018	
Quality Rating	AAA	Not Rated
Illinois Funds	$ 39,097,242	$ -
Mutual Bond Funds	-	568,695
	$ 39,097,242	$ 568,695

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

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. The University had no custodial credit risk at June 30, 2018 and 2017, because 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 Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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 accouning 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 2018 and 2017, 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, 2018	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bond mutual funds	$ 568,695	$ 568,695	$ -	$ -
Equity mutual funds	2,181,976	2,181,976	-	-
Split interest agreements	467,462	-	-	467,462
Farm assets	2,623,461	-	-	2,623,461
	$ 5,841,594	$ 2,750,671	$ -	$ 3,090,923

Investments and Derivative Instruments Measured at Fair Market Value at June 30, 2017	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificate of deposit	$ 240,000	$ -	$ 240,000	$ -
Bond mutual funds	569,918	569,918	-	-
Equity mutual funds	2,026,571	2,026,571	-	-
Split interest agreements	454,277	-	-	454,277
Farm assets	2,617,188	-	-	2,617,188
	$ 5,907,954	$ 2,596,489	$ 240,000	$ 3,071,465

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, 2018 and 2017, are as follows:

	At June 30, 2018		
	Current	Noncurrent	Total
Cash and cash equivalents	$ 24,854,043	$ -	$ 24,854,043
Restricted cash and cash equivalents	16,561,205	-	16,561,205
Restricted investments	64,976	-	64,976
Split interest agreements	-	467,462	467,462
Endowment investments	-	5,309,156	5,309,156
	$ 41,480,224	$ 5,776,618	$ 47,256,842

	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
Split interest agreements	-	454,277	454,277
Endowment investments	-	5,155,843	5,155,843
	$ 16,702,819	$ 5,610,120	$ 22,312,939

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

	2018	2017
Cash deposits	$ 217,695	$ 232,684
Petty cash funds	27,121	27,441
The Illinois Funds accounts	39,097,242	15,276,683
Trust Accounts	3,084	1,282
Commercial Paper Sweep Accounts	2,070,106	866,895
Total cash and cash equivalents	41,415,248	16,404,985
Bond Mutual Funds	568,695	569,918
Equity Mutual Funds	2,181,976	2,026,571
Certificates of Deposit	-	240,000
Split interest agreements	467,462	454,277
Farm Assets	2,623,461	2,617,188
Total investments	5,841,594	5,907,954
As reported in the Statement of Net Position	$ 47,256,842	$ 22,312,939

3 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	2018	2017
Sales and service	$ 976,659	$ 983,571
Student tuition and fees	8,645,644	15,063,209
Auxiliary enterprises and other operating activities	7,568,659	7,623,810
Federal, State, and private grants and contracts	540,877	619,944
Others	16,136,985	13,725,686
Total	$ 33,868,824	$ 38,016,220
Less allowance for doubtful accounts	(19,921,225)	(17,313,019)
Net accounts receivable	$ 13,947,599	$ 20,703,201

4 INVENTORIES

Inventories consisted of the following at June 30:

	2018	2017
Union Bookstore	$ 616,964	$ 743,568
Facilities Planning and Management	631,714	651,492
Dining Services	114,075	103,467
Union operations	37,423	34,331
Postage	29,407	24,224
Pharmacy	6,837	7,977
Other	14,905	15,083
	$ 1,451,325	$ 1,580,142

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, 2018 and 2017. 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 $5,739,197 and $5,717,790 as of June 30, 2018 and 2017, 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, 2018 and 2017, the allowance for uncollectible loans was $115,878 and $111,126, respectively.

The previous extension of the Program has expired. New Perkins loans can not be disbursed after 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.

6 CAPITAL ASSETS

Capital assets activity is summarized as follows:

	For the Year Ended June 30, 2018				
	6/30/2017	Additions	Deletions	Transfers	6/30/2018
Capital assets not being depreciated					
Land and land improvements	$ 3,007,015	$ -	$ -	$ -	$ 3,007,015
Capitalized collections	247,830	-	-	-	247,830
Construction in progress	85,282,544	(488,952)	11,721,471	(71,935,906)	1,136,215
Total capital assets not being depreciated	88,537,389	(488,952)	11,721,471	(71,935,906)	4,391,060
Other capital assets being depreciated					
Site improvements	25,437,398	273,933	-	5,874,541	31,585,872
Buildings & building improvements	347,599,472	-	-	66,061,365	413,660,837
Equipment	76,157,909	2,908,865	1,924,751	-	77,142,023
Total capital assets being depreciated	449,194,779	3,182,798	1,924,751	71,935,906	522,388,732
Less accumulated depreciation for:					
Site improvements	18,104,380	1,008,792	-	-	19,113,172
Buildings & building improvements	171,191,162	10,035,787	-	-	181,226,949
Equipment	69,029,956	3,471,041	1,924,831	-	70,576,166
Total accumulated depreciation	258,325,498	14,515,620	1,924,831	-	270,916,287
Intangible assets being amortized					
Software	380,146	-	-	-	380,146
Less amortization	380,146	-	-	-	380,146
Total intangible assets being amortized	-	-	-	-	-
Total capital assets, being depreciated or amortized, net	190,869,281	(11,332,822)	(80)	71,935,906	251,472,445
Capital assets, net	$ 279,406,670	$ (11,821,774)	$ 11,721,391	$ -	$ 255,863,505

	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
Total capital assets not being depreciated	85,497,593	4,341,387	1,505	(1,300,086)	88,537,389
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
Total capital assets being depreciated	448,241,031	2,629,384	2,975,722	1,300,086	449,194,779
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
Total accumulated depreciation	246,271,218	14,922,663	2,868,383	-	258,325,498
Intangible assets being amortized					
Software	380,146	-	-	-	380,146
Less amortization	380,146	-	-	-	380,146
Total intangible assets being amortized	-	-	-	-	-
Total capital assets, being depreciated or amortized, net	201,969,813	(12,293,279)	107,339	1,300,086	190,869,281
Capital assets, net	$ 287,467,406	$ (7,951,892)	$ 108,844	$ -	$ 279,406,670

Special item - impairment loss: During fiscal year 2018, the University settled litigation with a vendor. The University reviewed the items purchased under contract with the vendor and determined that $11,703,849 of the infrastructure and equipment constructed under that contract was impaired due to an expected lower level of service. Under the terms of that settlement, the vendor paid the University $3,250,000, which was netted against the impairment loss.

7 CONSTRUCTION IN PROGRESS

Below is a listing of the major construction projects in progress at June 30, 2018:

	Project Estimate	Expended to 6/30/2018	Committed
Other utility work	$ 1,754,241	$ 175,211	$ 1,579,030
Various athletic facilities renovations	1,095,659	113,948	981,711
Various classroom renovations	541,744	151,204	390,540
Residence hall renovations	179,616	44,022	135,594
Other miscellaneous	1,619,943	651,830	968,113
	$ 5,191,203	$ 1,136,215	$ 4,054,988

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
	$ 88,395,466	$ 85,282,544	$ 3,112,922

8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2018	2017
Accounts payable	$ 1,742,093	$ 955,265
Accrued wages	4,713,760	4,742,713
Accrued expenses	1,500,464	3,194,100
Other	243,895	282,054
	$ 8,200,212	$ 9,174,132

9 UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

	2018	2017
Prepaid tuition and fees	$ 1,885,327	$ 2,122,976
Sales and service	208,982	217,906
Auxiliary enterprises	162,295	178,667
Grants and contracts	1,019,661	795,224
Miscellaneous	32,515	87
	$ 3,308,780	$ 3,314,860

10 CHANGES IN NONCURRENT LIABILITIES

Noncurrent liabilities activity is summarized as follows:

	For the Year Ended June 30, 2018				
	Balance 6/30/2017	Additions	Reductions	Balance 6/30/2018	Current Portion
Revenue bonds, notes payable, and Certificates of Participation					
Revenue bonds payable (1)	$ 9,370,000	$ -	$ 1,090,000	$ 8,280,000	$ 675,000
Revenue bond discounts	(7,395)	-	(873)	(6,522)	(810)
Revenue bond premiums	27,891	-	6,199	21,692	5,017
Certificates of Participation (2)	82,250,000	-	3,765,000	78,485,000	4,120,000
COPS discount	(39,009)	-	(8,952)	(30,057)	(8,027)
Other liabilities					
Accrued compensated absences (3)	6,990,047	-	961,682	6,028,365	1,556,472
Deposits(3)	668,528	23,445	80,550	611,423	611,424
Other postemployment benefits	10,004,852	202,141	-	10,206,993	-
Federal loan program contributions	5,717,790	21,407	-	5,739,197	-
Total noncurrent liabilities	$ 114,982,704	$ 246,993	$ 5,893,606	$ 109,336,091	$ 6,959,076

	For the Year Ended June 30, 2017				
	Balance 6/30/2016	Additions	Reductions	Balance 6/30/2017	Current Portion
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 (3)	7,894,437	-	904,390	6,990,047	1,493,085
Deposits (3)	875,892	-	207,364	668,528	668,528
Federal loan program contributions	5,759,940	-	42,150	5,717,790	-
Total noncurrent liabilities	$ 111,269,284	$ -	$ 6,291,432	$ 104,977,852	$ 7,012,987

(1) See Note 11 for more information on revenue bonds.
(2) See Note 13 for more information on Certificates of Participation.
(3) Due to limitations in the University's accounting system, the gross amounts for additions and reductions is not readily available.

Total interest incurred for the years ended June 30, 2018 and 2017 was $5,272,555 and $5,507,568, respectively. There was $0 and $3,996,868 of incurred interest that was capitalized as part of capital projects in progress during the years ended June 30, 2018 and 2017, respectively.

11 REVENUE BONDS

Revenue bonds payable are comprised of the following at June 30:	2018	2017
$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%.	$ 5,025,000	$ 5,990,000
$4,230,000, Auxiliary Facilities System Revenue Bonds, Series 2008B, term bonds due in annual installments (principal only) of $95,000 to $300,000 through October 1, 2033; interest ranges from 2.0% to 5.80%.	3,255,000	3,380,000
Total bonds outstanding	$ 8,280,000	$ 9,370,000

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.

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.

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, 2018 and 2017, 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, 2018, are set forth in the following table:

Year ending June 30	Principal	Interest	Total Payments
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	795,000	263,343	1,058,343
2024-2028	3,050,000	772,432	3,822,432
2029-2033	1,265,000	278,610	1,543,610
2034	300,000	8,700	308,700
Total	$ 8,280,000	$ 2,692,333	$ 10,972,333

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.

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, 2018	$ -	$ 5,837,534
Repair and Replacement Reserve Account - June 30, 2017	$ -	$ 6,203,043

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, 2018

Bond Issue	Purpose	Source of Revenue Pledged	Future Revenues Pledged[1]	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	$ 10,972,333	2033	3.30%

Pledged Revenues - Year Ended June 30, 2017

Bond Issue	Purpose	Source of Revenue Pledged	Future Revenues Pledged[1]	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%

1 Total future principal and interest payments on bonds.

For the years ended June 30, 2018 and 2017, principal and interest paid by the University were $1,519,771 and $1,978,016, respectively. For the years ended June 30, 2018 and 2017, the total net revenues pledged were $46,072,145 and $57,738,416, respectively.

12 LEASES

The University made rental payments under operating leases during 2018 and 2017 of $154,078 and $138,963, 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:	2018	2017
$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.	6,335,000	6,700,000
$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.	72,150,000	75,550,000
Total Certificates of Participation	$ 78,485,000	$ 82,250,000

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, 2018, are set forth in the following table:

Year ending June 30	Principal	Interest	Build America Subsidy[1]	Total
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	4,245,000	3,799,463	(1,286,139)	6,758,324
2024-2028	20,605,000	15,337,622	(5,322,888)	30,619,734
2029-2033	22,685,000	8,923,735	(3,123,307)	28,485,428
2034-2036	14,150,000	1,707,832	(597,741)	15,260,091
Total	$ 78,485,000	$ 47,223,187	$ (16,140,451)	$ 109,567,736

[1] 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.

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 SURS' 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 years 2018 and 2017 respectively, was 12.46% 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).

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, 2017. At June 30, 2017, SURS reported a net pension liability (NPL) of $25,481,105,995.

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 $426,069,573, or 1.6721%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2017 was determined based on the June 30, 2016 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 2017.

Pension Expense. For the year ended June 30, 2017, SURS reported a collective net pension expense of $2,412,918,129.

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 2017. As a result, the University recognized on-behalf revenue and pension expense of $40,346,404 for the fiscal year ended June 30, 2018.

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

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 139,193,227	$ 1,170,771
Changes in assumption	205,004,315	259,657,577
Net difference between projected and actual earnings on pension plan investments	94,620,827	-
Total	$ 438,818,369	$ 260,828,348

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

Year Ending June 30	Net Deferred Outflows of Resources
2018	$ 55,589,850
2019	187,874,276
2020	90,475,551
2021	(155,949,656)
2022	-
Thereafter	-
	$ 177,990,021

Employer Deferral of Fiscal Year 2017 Pension Expense

The University paid $106,194 in federal, trust or grant contributions for the fiscal year ended June 30, 2018. These contributions were made subsequent to the pension liability measurement date of June 30, 2017 and are recognized as Deferred Outflows of Resources as of June 30, 2018.

Assumptions and Other Inputs

The actuarial assumptions used in the June 30, 2017 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, 2017 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, 2017, 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%	7.34%
Global Equity	8%	6.85%
Fixed Income	19%	1.38%
Treasury-Inflation Protected Securities	4%	1.17%
Emerging Market Debt	3%	4.14%
Real Estate REITS	4%	5.75%
Direct Real Estate	6%	4.62%
Commodities	2%	4.23%
Hedged Strategies	5%	3.95%
Opportunity Fund	1%	6.71%
Total	100%	5.20%
Inflation		2.75%
Expected Arithmetic Return		7.95%

Discount Rate. A single discount rate of 7.09% 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 3.56% (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 SURS' funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 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.

Sensitivity of SURS' Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.09%	Current Single Discount Rate Assumption 7.09%	1% Increase 8.09%
$30,885,146,279	$25,481,105,995	$20,997,457,586

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.

15 POST EMPLOYMENT BENEFITS

Plan description. The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the Illinois State Employees Group Insurance Program (SEGIP) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the University's full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees' Retirement System of Illinois (SERS), Teachers' Retirement System (TRS), and State Universities Retirement System of Illinois (SURS) are eligible for these other post-employment benefits (OPEB). The eligibility provisions for SURS are defined within Note 14. Certain TRS members eligible for coverage under SEGIP include certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees and members with certain reciprocal service.

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

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

Funding policy and annual other postemployment benefit cost. OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions, and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State, allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For fiscal year 2018, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was $10,926.24 ($6,145.92 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and $14,939.04 ($5,165.04 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

Total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense related to OPEB. The total OPEB liability, as reported at June 30, 2018, was measured as of June 30, 2017, with an actuarial valuation as of June 30, 2016. At June 30, 2018, the University recorded a liability of $10,206,993 for its proportionate share of the State's total OPEB liability. The proportionate share of the State's total OPEB liability associated with the University, for which the State provides support, was estimated to be $459 million. The University's portion of the OPEB liability was based on its proportion of employer contributions, excluding contributions made by the State for the University, relative to all employer contributions made to the plan during the year ended June 30, 2017. As of the current year measurement date of June 30, 2017, the University's proportion was 0.0247%, which was an increase of 0.0017% from its proportion measured as of the prior year measurement date of June 30, 2016.

The University recognized OPEB expense for the year ended June 30, 2018, of $647,426. At June 30, 2018, the Department reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2017, from the following sources:

Deferred outflows of resources	
Differences between expected and actual experience	3,272
University contributions subsequent to the measurement date	194,155
Changes in proportion and differences between employer contributions and proportionate share of contributions	603,766
	801,193
Deferred inflows of resources	
Changes in assumptions	969,151

The amounts reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30		
2019	$	(81,402)
2020		(81,402)
2021		(81,402)
2022		(81,402)
2023		(36,507)
Total	$	(362,115)

Actuarial methods and assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2016, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2016.

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry Age Normal
Inflation rate	2.75%
Projected salary increases*	3.00% - 15.00%
Discount rate	3.56%
Healthcare cost trend rate	
Medical (pre-Medicare)	8.0% grading down 0.5% in the first year to 7.5%, then grading down 0.01% in the second year to 7.49%, followed by grading down of 0.5% per year over 5 years to 4.99% in year 7
Medical (post-Medicare)	9.0% grading down 0.5% per year over 9 years to 4.5%
Dental	7.5% grading down 0.5% per year over 6 years to 4.5%
Vision	3.00%
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2017 and 2018 are based on actual premiums. Premiums after 2018 were projected based on the same healthcare cost trend rates applied to per capita claim cost but excluding the additional trend rate that estimates the impact of the excise tax.

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

Additionally, the demographic assumptions used in the this OPEB valuation are identical to those used in the June 30, 2016 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	Retirement Age Experience Study*	Mortality**
GARS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
JRS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
SERS	July 2009 - June 2013	105 percent of the RP-2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015, generational mortality improvements factors were added
TRS	July 2011 - June 2014	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2014
SURS	July 2010 - June 2014	RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward 1 year for male and female annuitants

* The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined. A modified experience review was completed for SERS for the three-year period ended June 30, 2015. Changes were made to the assumptions regarding investment rate of return, projected salary increases, inflation rate, and mortality based on this review. All other assumptions remained unchanged.

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

Discount rate. Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 2.85% at June 30, 2016, and 3.56% at June 30, 2017, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate. The following presents the University's share of the plan's total OPEB liability, calculated using a Single Discount Rate of 3.56%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.56%) or lower (2.56%) than the current rate (amounts expressed in thousands):

	1% Decrease 2.56%	Current Single Discount Rate Assumption 3.56%	1% Increase 4.56%
University's proportionate share of total OPEB liability	$11,580	$10,207	$8,842

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the University's share of the plan's total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.0% in 2018 decreasing to an ultimate trend rate of 4.99% in 2025, for non-Medicare coverage, and 9.0% decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage (amounts expressed in thousands).

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
University's proportionate share of total OPEB liability	$8,722	$10,207	$11,433

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 $889,698 and $1,133,184 were paid for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 are as follows:

	2018	2017
Reserve balance, June 30 (prior year)	$ 745,134	$ 1,111,065
Transfers and fees	875,252	1,069,313
Administrative costs	(97,453)	(302,060)
Claims incurred	(889,698)	(1,133,184)
Reserve balance, June 30 (current year)	$ 633,235	$ 745,134

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 $55,431,800 and $26,222,000 for general and educational purposes, and $8,000 and $8,000 for scholarships during fiscal years 2018 and 2017, respectively.

On July 6, 2017, the General Assembly passed Public Act 100-0021, which included an appropriation for Eastern Illinois University. The University received fiscal year 2017 appropriations of $16,753,700. Additionally, that act appropriated funding for scholarships through the Illinois Student Assistance Commission, of which $7,079,674 was reimbursed to the University. The effective date of Public Act 100-0021 was July 6, 2017; therefore, in accordance with GASB Statement No. 33, the revenues paid from fiscal year 2017 appropriations totalling $16,753,700 and the reimbursement of scholarship awards were recognized as revenues in fiscal year 2018 even though they were used to pay for fiscal year 2017 expenses.

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 2018 and 2017, the University received or returned $249,364 and ($2,756), 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 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, 2018 and 2017, the University provided cash, services and other resources to the Foundation, totaling $65,265 and $73,435, respectively, to help defray the Foundation's costs incurred under the contract. During the years ended June 30, 2018 and 2017, the Foundation incurred expenses of $65,265 and $73,435, respectively, under the contract.

During the years ended June 30, 2018 and 2017, the Foundation gave the University $2,667,069 and $2,697,434 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 $1,069,632 and $1,224,954, respectively, during the years ended June 30, 2018 and 2017. Services and resources totaling $57,056 and $68,642, respectively, for the years ended June 30, 2018 and 2017, are included above, but not reflected in the financial statements. Also, the Foundation received $18,994 and $25,012, respectively, for the years ended June 30, 2018 and 2017, 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 year ended June 30, 2018 and 2017, the University provided the Association with $46,620 and $37,108, respectively, in services in accordance with the contract.

In fulfilling its fiscal year 2018 and 2017 contracts with the University, the Association incurred $113,555 and $114,740, respectively, of expenses and $108,310 and $86,276, respectively, of in-kind expenses. Included in the fiscal years 2018 and 2017 expenses of $113,555 and $114,740, respectively, are unrestricted gifts, grants, and scholarships of $18,273 and $16,588, 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 $52,650 and $53,905, respectively, for the years ended June 30, 2018 and 2017.

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:

	2018	2017
Salaries	$ 78,622,409	$ 82,660,028
Benefits	78,097,094	81,730,700
Supplies	2,779,820	2,965,944
Contractual services	6,159,575	7,655,156
Utilities	11,321,713	10,056,995
Travel	704,724	599,399
Repairs and maintenance, equipment and buildings	1,258,901	464,977
Scholarships	600,796	2,553,122
Other	4,317,151	4,827,394
Depreciation	14,515,620	14,922,663
	$ 198,377,803	$ 208,436,378

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, 2018 and 2017, for the University's AFS segment.

Condensed Statements of Net Position
June 30,

	2018	2017
Assets		
Current assets	$ 17,643,093	$ 20,591,524
Noncurrent assets		
Capital	49,636,977	53,644,386
Other	3,275	4,264
Total noncurrent assets	49,640,252	53,648,650
Total assets	67,283,345	74,240,174
Liabilities		
Current liabilities	2,718,195	2,354,104
Noncurrent liabilities	7,615,962	9,259,985
Total liabilities	10,334,157	11,614,089
Net Position		
Net investment in capital assets	41,341,808	44,253,890
Restricted - expendable	15,607,380	18,372,195
Total net position	$ 56,949,188	$ 62,626,085

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

	2018	2017
Operating revenues		
Room and board	$ 17,648,689	$ 20,062,748
Student fees	5,202,845	6,144,229
Sales and service	3,655,298	3,783,831
Other operating revenues	448,481	503,821
Total operating revenues	26,955,313	30,494,629
Operating expenses	33,361,098	31,500,264
Operating income (loss)	(6,405,785)	(1,005,635)
Nonoperating revenues (net of expenses)		
Investment income (net)	70,498	4,784
Interest expense	(418,917)	(473,525)
Gain/(loss) on disposal of capital assets	80	(16,577)
Other net nonoperating revenues (expenses)	1,077,227	66,150
Net nonoperating revenues and expenses	728,888	(419,168)
Total increase (decrease) in net position	(5,676,897)	(1,424,803)
Net position-beginning of year	62,626,085	64,050,888
Net position-end of year	$ 56,949,188	$ 62,626,085

21 COMPONENT UNITS

The financial statements of the Foundation and Alumni Association follow Financial Accounting Standards Board (FASB) standards. Consequently, reclassifications have been made to reformat their financial statements to the GASB format for inclusion in the component units columns of the financial statements and disclosures in this note.

Below are condensed financial statements for the Foundation and Alumni Association:

Condensed Statement of Net Position
June 30, 2018

	Foundation	Alumni Association	Total
Assets			
Current assets	$ 12,433,499	$ 1,216,222	$ 13,649,721
Noncurrent assets			
Capital	1,671,286	152,215	1,823,501
Other	83,145,258	1,037,145	84,182,403
Total noncurrent assets	84,816,544	1,189,360	86,005,904
Total assets	97,250,043	2,405,582	99,655,625
Liabilities			
Current liabilities	87,576	5,872	93,448
Noncurrent liabilities	158,909	-	158,909
Total liabilities	246,485	5,872	252,357
Net Position			
Net investment in capital assets	1,671,286	152,215	1,823,501
Restricted - nonexpendable	56,882,841	-	56,882,841
Restricted - expendable	36,119,942	-	36,119,942
Unrestricted	2,329,489	2,247,495	4,576,984
Total net position	$ 97,003,558	$ 2,399,710	$ 99,403,268

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2018

	Foundation	Alumni Association	Total
Operating revenues	$ 2,491,574	$ 193,441	$ 2,685,015
Operating expenses	824,199	202,992	1,027,191
Operating income (loss)	1,667,375	(9,551)	1,657,824
Net nonoperating revenues and expenses	1,944,048	52,968	1,997,016
Additions to permanent endowments	818,938	-	818,938
Total increase (decrease) in net position	4,430,361	43,417	4,473,778
Net position-beginning of year	92,573,197	2,356,293	94,929,490
Net position-end of year	$ 97,003,558	$ 2,399,710	$ 99,403,268

Condensed Statement of Net Position
June 30, 2017

	Foundation	Alumni Association	Total
Assets			
Current assets	$ 11,455,787	$ 963,633	$ 12,419,420
Noncurrent assets			
Capital	1,699,929	157,695	1,857,624
Other	79,712,321	1,245,870	80,958,191
Total noncurrent assets	81,412,250	1,403,565	82,815,815
Total assets	92,868,037	2,367,198	95,235,235
Liabilities			
Current liabilities	125,349	10,905	136,254
Noncurrent liabilities	169,491	-	169,491
Total liabilities	294,840	10,905	305,745
Net Position			
Net investment in capital assets	1,699,929	157,695	1,857,624
Restricted - nonexpendable	56,106,816	-	56,106,816
Restricted - expendable	33,482,195	-	33,482,195
Unrestricted	1,284,257	2,198,598	3,482,855
Total net position	$ 92,573,197	$ 2,356,293	$ 94,929,490

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2017

	Foundation	Alumni Association	Total
Operating revenues	$ 5,414,949	$ 160,681	$ 5,575,630
Operating expenses	822,547	184,428	1,006,975
Operating income (loss)	4,592,402	(23,747)	4,568,655
Net nonoperating revenues and expenses	4,211,866	130,573	4,342,439
Additions to permanent endowments	929,162	-	929,162
Total increase (decrease) in net position	9,733,430	106,826	9,840,256
Net position-beginning of year	82,839,767	2,249,467	85,089,234
Net position-end of year	$ 92,573,197	$ 2,356,293	$ 94,929,490

As the cash and investments 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.

	2018		2017	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Cash and cash equivalents	39,377	31,073	41,570	27,306

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned. The Foundation's cash and cash equivalents caption on its Statements of Financial Position total $9,787,983 and $8,578,231 at June 30, 2018 and 2017, respectively. This amount consists of funds held with the Illinois Funds and depository institutions. The Illinois Funds' portion of this balance is $9,756,910 and $8,530,925 at June 30, 2018 and 2017, respectively. The Illinois Funds are pooled short-term fully collateralized money market accounts administered by the Treasurer of the State of Illinois. The portion held in depository institutions authorized by the Foundation's Board of Directors totaled $31,073 and $27,306 at June 30, 2018 and 2017, respectively. These deposits are fully covered by Federal Depository Insurance. In addition, funds are held in money market mutual funds in various investment accounts maintained by the Foundation. These funds are insured by the Security Investor Protection Corporation, the balances were $1,222,378 and $2,323,040 at June 30, 2018 and 2017, respectively.

Carrying amounts of cash and cash equivalents at June 30:

	2018	2017
Unrestricted cash and cash requivalents	$ 795,676	$ 726,518
Restricted cash and cash requivalents	8,992,307	7,851,713
Restricted cash and cash requivalents - held in investments	1,210,974	2,311,344
Restricted cash and cash requivalents - held in split-interest agreeements	11,404	11,696
	$ 11,010,361	$ 10,901,271

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

	At June 30, 2018		
	Current	Noncurrent	Total
Cash and cash equivalents	$ 795,676	$ -	$ 795,676
Restricted cash and cash equivalents	8,239,837	752,470	8,992,307
Short-term investments	3,130,832	-	3,130,832
Long-term investments	-	76,180,594	76,180,594
Other long-term assets (partial)	-	753,946	753,946
Total cash and investments	$ 12,166,345	$ 77,687,010	$ 89,853,355

	At June 30, 2017		
	Current	Noncurrent	Total
Cash and cash equivalents	$ 726,518	$ -	$ 726,518
Restricted cash and cash equivalents	6,330,174	1,521,539	7,851,713
Short-term investments	4,008,832	-	4,008,832
Long-term investments	-	71,805,711	71,805,711
Other long-term assets	-	776,489	776,489
Total cash and investments	$ 11,065,524	$ 74,103,739	$ 85,169,263

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

	2018	2017
Cash and cash equivalents	$ 31,073	$ 27,306
Money market mutual funds	10,979,288	10,873,965
Investments		
Open Ended Mutual Bond funds	9,011,423	9,079,415
Open Ended Mutual Equity funds	42,034,091	39,028,299
Corporate Equity - Student Investment	339,353	294,980
Fixed Income - Student Investment	980	1,025
Alternative Investments	23,966,630	22,353,513
Common stock	-	25,197
Life insurance cash values	135,971	131,017
Real estate	3,354,546	3,354,546
Total cash and investments	$ 89,853,355	$ 85,169,263

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 years 2018 and 2017, 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, 2018	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	$ 1,210,974	$ 1,210,974	$ -	$ -
Bond mutual funds	8,579,637	$ 8,579,637	-	-
Equity mutual funds	41,859,306	41,859,306	-	-
Common stock	339,353	339,353	-	-
Corporate bonds	980	980	-	-
	$ 51,990,250	$ 51,990,250	$ -	$ -
Investments measured at the net asset value (NAV)				
Pinehurst Institutional, Ltd.	7,669,140			
Park Street Capital Private Equity Funds VII, LP	316,238			
Park Street Natural Resources Fund IV	239,270			
Portfolio Advisors Private Equity Fund VI	758,997			
Portfolio Advisors Private Equity Fund VII	581,336			
Portfolio Advisors Private Equity Fund VIII	975,494			
Mercer Hedge Fund	8,257,956			
Mercer Private Investment Partners III	1,114,120			
Goldman Sachs & Company GS Distressed Opportunities Fund IV, LP	281,146			
Montauk TriGuard V	233,486			
Neuberger Berman Secondary Opportunities Fund III	305,629			
Neuberger Berman Crossroads Fund XXI	853,157			
Copper Rock International Small Cap	2,380,660			
Total investments measured at the NAV	23,966,629			
Total investments measured at fair value	$ 75,956,879			
Assets held under split-interest agreements measured at fair value				
Money market mutual funds	$ 11,404			
Bond mutual funds	431,786			
Equity mutual funds	174,785			
	617,975			
Beneficial interests in trusts	$ -	$ -	$ -	$ 1,306,495
Beneficial interests in split-interest agreements	$ -	$ -	$ -	$ 4,180,463
Obligations under split-interest agreements	$ -	$ -	$ -	$ (190,876)

Investments and Derivative Instruments Measured at Fair Market Value at June 30, 2017	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	$ 2,311,344	$ 2,311,344	$ -	$ -
Bond mutual funds	8,624,551	8,624,551	-	-
Equity mutual funds	38,849,387	38,849,387	-	-
Common stock	320,177	320,177	-	-
Corporate bonds	1,025	1,025	-	-
	$ 50,106,484	$ 50,106,484	$ -	$ -
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	22,353,513			
Total investments measured at fair value	$ 72,459,997			
Assets held under split-interest agreements measured at fair value				
Money market mutual funds	$ 11,696			
Bond mutual funds	454,864			
Equity mutual funds	178,912			
	645,472			
Beneficial interests in trusts	$ -	$ -	$ -	$ 1,346,468
Beneficial interests in split-interest agreements	$ -	$ -	$ -	$ 4,188,613
Obligations under split-interest agreements	$ -	$ -	$ -	$ (204,533)

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 6/30/2018	Fair Value 6/30/2017	Unfunded Commitments	Termination Date of Fund
Park Street Capital Private Equity Funds VII, LP	$ 316,238	$ 448,256	$ 20,000	4/14/2018 to 4/14/2019
Park Street Natural Resources Fund IV	239,270	289,455	13,750	9/30/2024
Portfolio Advisors Private Equity Fund VI	758,997	857,142	432,364	7/30/2022 to 7/30/2024
Portfolio Advisors Private Equity Fund VII	581,336	551,645	262,018	4/18/2024 to 4/15/2026
Portfolio Advisors Private Equity Fund VIII	975,494	582,491	635,580	10/15/2026 to 10/15/2028
Mercer Private Investment Partners III	1,114,120	942,797	340,000	7/10/2027
Goldman Sachs & Company GS Distressed Opportunities Fund IV, LP	281,146	452,051	458,729	5/15/2018
Montauk TriGuard V	233,486	250,159	210,000	7/1/2023 to 7/1/2025
Neuberger Berman Secondary Opportunities Fund III	305,629	312,085	183,140	1/5/2022
Neuberger Berman Crossroads Fund XXI	853,157	453,353	750,000	10/23/2025 to 10/23/2027
	$ 5,658,873	$ 5,139,434	$ 3,305,581	

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 6/30/2018	Fair Value 6/30/2017	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pinehurst Institutional, Ltd.	$ 7,669,140	$ 7,188,934	$ -	25% Quarterly, Full 12/31	100 days
Mercer Hedge Fund	8,257,956	7,854,339	-	Quarterly	100 days
Copper Rock International Small Cap	2,380,660	2,170,806	-	Daily	1 day
	$ 18,307,756	$ 17,214,079	$ -		

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

22 PRIOR PERIOD ADJUSTMENT FOR CHANGE IN ACCOUNTING PRINCIPLE

Because the University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of July 1, 2017, the University reduced net position as of July 1, 2017 for the recognition of its OPEB liability and the related deferred outflows of resources. The cumulative effect of the change in accounting principle reduced net position at July 1, 2017 by $9,750,275. The University's financial statements for the year ended June 30, 2017 were not restated for GASB Statement No. 75 as information was not available.

The University also implemented GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This GASB Statement requires that the University recognize an asset with a corresponding deferred inflow of resources at the inception of the agreement. The University determined that two trusts with external trustees met the requirements of GASB Statement No. 81. The University restated its Statement of Net Position as of June 30, 2017 to include a beneficial asset as well as a deferred inflow of resources in the amount of $454,277, the market value of the two trusts' assets that would be allocated to the University.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SHARE OF NET PENSION LIABILITY

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
(a) Proportionate percentage of the collective net pension liability	0%	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	$ 426,069,573
Total (b) + (c)	$ 510,532,400	$ 514,473,091	$ 496,551,246	$ 426,069,573
Employer covered employee payroll	$ 84,737,974	$ 78,757,272	$ 69,102,566	$ 59,076,892
Proportion of collective net pension liability associated with employer as a percentage of covered-employee payroll	602.48%	653.24%	718.57%	721.21%
SURS Plan Net Position as a percentage of total pension liability	44.39%	42.37%	39.57%	42.04%

SCHEDULE OF CONTRIBUTIONS

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Federal, trust, grant, and other contributions	$ 138,371	$ 120,181	$ 158,747	$ 160,167	$ 106,194
Contribution in relation to required contribution	$ 138,371	$ 120,181	$ 158,747	$ 160,167	$ 106,194
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer covered employee payroll	$ 84,737,974	$ 78,757,272	$ 69,102,566	$ 59,076,892	$ 72,776,773
Contributions as a percentage of covered-employee payroll	0.16%	0.15%	0.23%	0.27%	0.15%

	Fiscal Year 2018
SCHEDULE OF PROPORTIONATE SHARE OF THE UNIVERSITY'S TOTAL OPEB LIABILITY	
University's proportionate percentage of the collective total OPEB liability	0.023%
University's proportionate amount of the collective total OPEB liability	$ 10,206,993
Estimated proportionate amount of collective total OPEB liability associated with the University - State supported portion	459,000,000
Total	$ 469,206,993
Employer covered employee payroll	$ 69,509,441
Proportionate share of total OPEB liability as a percentage of covered employee payroll	14.68%

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

Changes of Benefit Terms

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2017.

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.

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

Payment of Benefits

No assets are accumulated or dedicated to funding the retiree health insurance benefit, nor has a separate trust been established for the funding of the OPEB. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis.

Factors that Affect Trends in the Amounts Reported

An actuarial valuation was performed as of June 30, 2016, for the years ended June 30, 2010 to June 30, 2014, with a measurement date of June 30, 2017. The following assumptions were used:

* Mortality rates. RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants.
* Salary increase. Dependent upon service and participation in the respective retirement systems. Includes inflation rate of 2.75%, salary increase 3.0% - 15.0%.
* Healthcare Cost Trend Rate: Medical (Pre-Medicare) 8.0% grading down 0.5% in the first year to 7.5%, then grading down 0.01% in the second year to 7.49%, followed by grading down of 0.5% per year over five years to 4.99% in year 7; Medical (Post-Medicare) 9.0% grading down 0.5% per year over nine years to 4.5%; Dental 7.5% grading down 0.5% per year over 6 years to 4.5%; Vision 3%.
* Retiree's share of benefit-related costs: Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement.

OTHER INFORMATION
(UNAUDITED)

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.

	Coverage Amount	Deductible
Most building, contents, business interruption, 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
Computer systems	$ 100,000,000	$ 50,000

Insurance companies: Lexington Insurance Company and Zurich American Insurance Company

Policy period: July 1, 2017 to July 1, 2018

RATES	Double Occupancy	Single Occupancy
Residence halls		
Summer 2017 (8 week session)	$ 1,568	$ 1,965
Fall 2017		
7 meals	$ 4,317	$ 5,167
10 meals	4,510	5,360
12 meals	4,680	5,530
15 meals	4,868	5,718
Spring 2018		
7 meals	$ 4,317	$ 5,167
10 meals	4,510	5,360
12 meals	4,680	5,530
15 meals	4,868	5,718
Summer 2018 (8 week session)	$ 1,599	$ 2,004

RATES	1 1/2 Room Apartment	2 Room Apartment	Efficiency
Married student housing (monthly rent)			
Fall 2017	$ 488	$ 513	$ 457
Spring 2018	$ 488	$ 513	$ 457
Summer 2018	$ 488	$ 513	$ 457

	Range		
University Court (semester)			
Fall 2017	$ 2,460	to	$ 3,302
Spring 2018	$ 2,460	to	$ 3,302
Summer 2018 (8 week session)	$ 980	to	$ 1,100

	Fees
Bond revenue fees	
Summer 2017	$ 451.08
Fall 2017	$ 494.72
Spring 2018	$ 494.72
Summer 2018	$ 494.72

ENROLLMENT DATA

Enrollment Date	Undergraduate Students	Graduate Students	Extension Students	Total
Summer 2017	699	619	1,513	2,831
Fall 2017	4,454	1,036	1,540	7,030
Spring 2018	4,002	941	2,073	7,016
Summer 2018	532	502	1,609	2,643

OCCUPANCY DATA

OCCUPANCY	Occupancy	Rated Occupancy	% of Occupancy
Residence halls			
Summer 2017	43	150	29%
Fall 2017	1,698	4,722	36%
Spring 2018	1,552	4,722	33%
Summer 2018	14	150	9%
Married student housing			
Summer 2017	22	130	17%
Fall 2017	90	130	69%
Spring 2018	33	130	25%
Summer 2018	15	130	12%
University Court			
Summer 2017	42	146	29%
Fall 2017	146	146	100%
Spring 2018	117	146	80%
Summer 2018	18	146	12%