State of Illinois
Illinois State University
Financial Audit
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Years Ended June 30, 2015 and 2014
Performed as Special Assistant Auditors for
the Auditor General, State of Illinois

BKD LLP
CPAs & Advisors

State of Illinois
Illinois State University
Financial Audit
For the Years Ended June 30, 2015 and 2014

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Other Reports Issued Under a Separate Cover

The Illinois State University's Compliance Examination (including the Single Audit) for the year ended June 30, 2015, which includes the reports of independent auditors, Schedule of Findings and Questioned Costs, and Supplementary Information for State Compliance Purposes, has been issued under a separate cover.

In accordance with *Government Auditing Standards*, we have also issued a report under a separate cover entitled Report Required Under *Government Auditing Standards* for the Year Ended June 30, 2015, on our consideration of the Illinois State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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
Illinois State University
Financial Audit
June 30, 2015

Agency Officials

President	Dr. Larry Dietz
Vice President for Finance and Planning	Mr. Greg Alt
Vice President for Academic Affairs and Provost	Dr. Janet Wessel Krejci
Vice President for Student Affairs (Interim)	Dr. Brent Paterson
Vice President for University Advancement	Ms. Erin Minne´ (07/01/14 – 09/12/14)
Vice President for University Advancement	Mr. Pat Vickerman (09/13/14 – Current)
Comptroller	Mr. Greg Alt
Legal Counsel	Ms. Lisa Huson
Director - Internal Audit	Mr. Robert Blemler

Board of Trustees (as of June 30, 2015)

Chair	Mr. Rocky Donahue
Member	Mr. Jay D. Bergman
Member	Ms. Anne Davis
Member	Mr. Bob Churney
Member	Mr. Robert Dobski
Member	Ms. Betty Kinser
Member	Dr. Mary Ann Louderback
Student Member	Mr. Connor Joyce

Office Locations

Agency offices are located at:

Hovey Hall
Campus Box 1100
Normal, Illinois 61790-1100

State of Illinois
Illinois State University
Financial Statement Report Summary
June 30, 2015

Summary

The audit of the accompanying financial statements of the Illinois State University was performed by BKD, LLP.

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

Exit Conference

This report was discussed with University personnel at an exit conference on November 20, 2015. Attending were:

<u>Representing Illinois State University</u>

Vice President for Finance and Planning	Mr. Greg Alt
Senior Associate Comptroller	Ms. JoEllen Bahnsen
Director - Internal Audit	Mr. Robert Blemler
Accounting Associate	Ms. Erika Jones
Information Security Officer	Mr. Kevin Crouse
Assistant Vice President for Administrative Technologies and CTO	Mr. Matthew Helm

<u>Representing BKD, LLP</u>

Managing Director	Ms. Heather M. Powell, CPA

<u>Representing the Office of the Auditor General</u>

Audit Manager	Mr. Daniel J. Nugent, CPA

BKD LLP
CPAs & Advisors

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Independent Auditor's Report

The Honorable William G. Holland
Auditor General
State of Illinois

and

Board of Trustees
Illinois State University

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Illinois State University, a component unit of the State of Illinois, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Illinois State University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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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 audits and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Illinois State University and its aggregate discretely presented component unit, as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in Fiscal Year 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

<u>Required Supplementary Information</u>

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-15 and pension information on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, on our consideration of the Illinois State 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 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 Illinois State University's internal control over financial reporting and compliance.

BKD, LLP

Decatur, Illinois
December 4, 2015

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Illinois State University (University) for the year ended June 30, 2015, with selective comparative information for the years ended June 30, 2014 and 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University is governed by the Board of Trustees and is the oldest public institution of higher learning in Illinois, being founded in 1857. The University is a residential university of approximately 21,000 students with six colleges and thirty-five academic departments that offer more than one hundred sixty programs of study. The Graduate School coordinates forty-seven masters, specialist and doctoral programs.

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University (the primary unit) and its component unit (the Illinois State University Foundation). The component unit discussed below is included in the University's financial reporting entity (the Entity) due to the significance of its financial relationship with the University and is in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61.

The Illinois State University Foundation (Foundation) is a University Related Organization as defined under University Guidelines adopted by the State of Illinois' Legislative Audit Commission in 1982, as amended. The Foundation is reported in a separate column to emphasize that it is an Illinois non-profit organization that is legally separate from the University. Complete financial statements for the Foundation may be obtained by writing the Illinois State University Foundation, Campus Box 8000, Normal, Illinois 61790-8000.

The Foundation was incorporated in May 1948 under the "General Not-for-Profit Corporation Act" for the purpose of providing fund raising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. The Foundation is an organization as described in Section 501c(3) of the Internal Revenue Code and, is accordingly, exempt from federal income tax.

Overview of the Financial Statements and Financial Analysis

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 also included in the State of Illinois' Comprehensive Annual Financial Report. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871 or accessing its website at www.illinoiscomptroller.gov.

Financial Statements Presentation: The University's financial statements include the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles and presented on an entity-wide basis. Several ratios have been included in the financial analysis to help assess the University's financial health.

Statements of Net Position

The Statements of Net Position present the assets, liabilities, and net position of the University as of the end of the fiscal years. The Statements of Net Position are point in time financial statements. The purpose of the Statements of Net Position is to present to the readers of the financial statements a fiscal snapshot of Illinois State University at June 30, 2015 and 2014. The Statements of Net Position present end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities).

From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the institution. Readers should also be able to determine how much the institution owes vendors, investors and lending institutions. Finally, the Statements of Net Position provide a picture of the net position and their availability for expenditure by the institution.

Net position is divided into three major categories. The first category, net investment in capital assets, shows the institution's equity in the property, plant and equipment owned by the institution. The next net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time and/or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is that net position available to the institution for any lawful purpose of the institution.

Following are condensed Statements of Net Position at June 30, 2015, 2014 and 2013:

(Thousands of dollars)

	2015	2014	2013
Assets:			
Current assets	$ 134,656	$ 118,872	$ 120,750
Noncurrent assets:			
Capital assets, net	442,209	443,207	456,844
Other noncurrent assets	178,555	175,161	128,441
Total assets	755,240	737,240	706,035
Deferred outflows	651	-	-
Total assets & Deferred outflows	756,071	737,240	706,035
Liabilities:			
Current liabilities	49,476	50,467	44,063
Noncurrent liabilities	149,753	159,218	144,489
Total liabilities	199,229	209,685	188,552
Net Position:			
Net investment in capital assets	304,289	296,644	337,674
Restricted	9,545	9,539	9,523
Unrestricted	243,008	221,372	170,286
Total net position	$ 556,842	$ 527,555	$ 517,483

Current liabilities are obligations of the University coming due in less than one year. Current liabilities consist primarily of accounts payable and accrued liabilities, assets held in custody for others, deferred revenues, and current portion of long-term debt. The following ratio is intended to give an indication of the University's ability to meet its obligations the following year:

The Current Ratio (current assets/current liabilities) is:

(Thousands of dollars)

2015	2014	2013 (as restated)
134,656 / 49,476 = 2.72	118,872 / 50,467 = 2.36	120,750 / 44,063 = 2.74

Noncurrent assets are comprised primarily of net capital assets. Net capital assets decreased $1.0 million and $13.6 million from June 30, 2014 to 2015 and 2013 to 2014, respectively. The decrease in 2015 is related to depreciation net of construction and major renovation of University buildings and the decrease in 2014 is from the transfer of grant property to the Central Illinois Regional Broadband Network, LLC.

Noncurrent liabilities are comprised primarily of Bonds Payable, Certificates of Participation, and Accrued Compensated Absences.

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position presented on the Statements of Net Position are based upon the activity presented in the Statements of Revenues, Expenses, and Changes in Net Position. The purpose of the Statements of Revenues, Expenses, and Changes in Net Position is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution.

Operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. These are called non-exchange transactions. For example, State appropriations are classified as non-operating because they are provided by the General Assembly to the institution without the General Assembly directly receiving commensurate goods and services for those revenues.

Student tuition and fees, grants and contracts, the Auxiliary facilities system, State appropriations and payments by the State of Illinois on behalf of the University are the primary sources of funding.

Following are condensed Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2015, 2014 and 2013:

	(Thousands of dollars)		
	2015	2014	2013
Operating revenues			
Student tuition and fees, net	$ 191,621	$ 180,469	$ 174,094
Grants and contracts	17,291	17,221	26,969
Auxiliary facilities, net	84,669	83,179	81,205
Other	25,906	25,613	27,917
Total operating revenues	319,487	306,482	310,184
Operating expenses	548,039	544,271	524,457
Operating loss	(228,552)	(237,789)	(214,272)
Non-operating revenues			
State appropriations	72,227	74,089	74,082
Payments on behalf of the University	137,554	128,690	132,507
Other, net	45,040	42,841	39,327
Net non-operating revenues	254,821	245,620	245,916
Capital appropriations	1,299	891	1,058
Capital gifts and grants	1,091	1,350	1,467
Increase in net position	28,659	10,072	34,169
Net position - beginning of year	527,555	517,483	483,314
Change in accounting principle	628	-	-
Net position- beginning of year, as restated	528,183	517,483	483,314
Net position – end of year	$ 556,842	$ 527,555	$ 517,483

The return of net position ratio indicates whether the University is financially better off compared to the previous year by comparing the increase in net position to beginning net position. The fluctuations in this ratio are primarily attributable to capital project funding levels from both the State of Illinois, Capital Development Board and the Illinois State University Foundation.

The Return on Net Position Ratio (increase in net position / beginning of year net position) is:

(Thousands of dollars)

2015	2014	2013 (as restated)
28,659 / 528,183 = 5.43%	10,072 / 517,483 = 1.95%	34,169 / 483,314 = 7.07%

The net operating revenues ratio indicates whether the University is living within available resources. The ratio is computed by comparing operating income (loss) and net non-operating revenues to total operating revenues and total non-operating revenues. These continuing positive ratios demonstrate that University expenditures do not exceed available revenues.

The Net Operating Revenues Ratio (operating income (loss) plus net non-operating revenues (expenses) / operating revenues plus non-operating revenues) is:

(Thousands of dollars)

2015	2014	2013 (as restated)
26,269 / 579,924= 4.53%	7,831 / 557,992= 1.40%	31,644 / 561,353= 5.64%

State appropriations revenue has remained in a range from approximately $72 million to $74 million for fiscal years 2013, 2014 and 2015. The University enacted tuition and fee increases for fiscal years 2013, 2014 and 2015 to help offset the State appropriation funding trend. Payments on behalf of the University are comprised of payments by the State of Illinois for University employees to the State Universities Retirement System and to the State of Illinois, Department of Central Management Services.

Operating Expenses	(Thousands of dollars) 2015	2014	2013
Expenses by Function			
Instruction	$ 117,812	$ 113,310	$ 116,827
Research	15,699	14,767	14,516
Public service	12,991	14,210	14,695
Academic support	20,322	19,943	15,151
Student services	42,768	38,758	38,377
Institutional support	37,007	35,453	37,207
Operation and maintenance of plant	30,630	48,728	33,550
Depreciation	24,316	24,529	23,248
Staff benefits	2,738	1,756	2,265
Student aid	52,130	47,116	42,341
Payments on behalf of the University	136,085	127,237	130,781
Auxiliary facilities	53,973	56,645	53,263
Other	1,568	1,819	2,236
Total operating expenses	$ 548,039	$ 544,271	$ 524,457
Expenses by Natural Classification			
Compensation and benefits	$ 351,741	$ 340,350	$ 343,227
Supplies and services	119,793	141,278	123,676
Scholarships	52,189	38,114	34,306
Depreciation	24,316	24,529	23,248
Total operating expenses	$ 548,039	$ 544,271	$ 524,457

The primary reserve ratio compares unrestricted net position and certain expendable net position to total expenses. This ratio is an indicator of how long the University could function by using its reserves without relying on additional net position generated by operations. This ratio continues to remain strong over the last several years as the University has been successful in increasing net position while limiting growth in expenditures.

The Primary Reserve Ratio (unrestricted and expendable net position / total expenses) is:

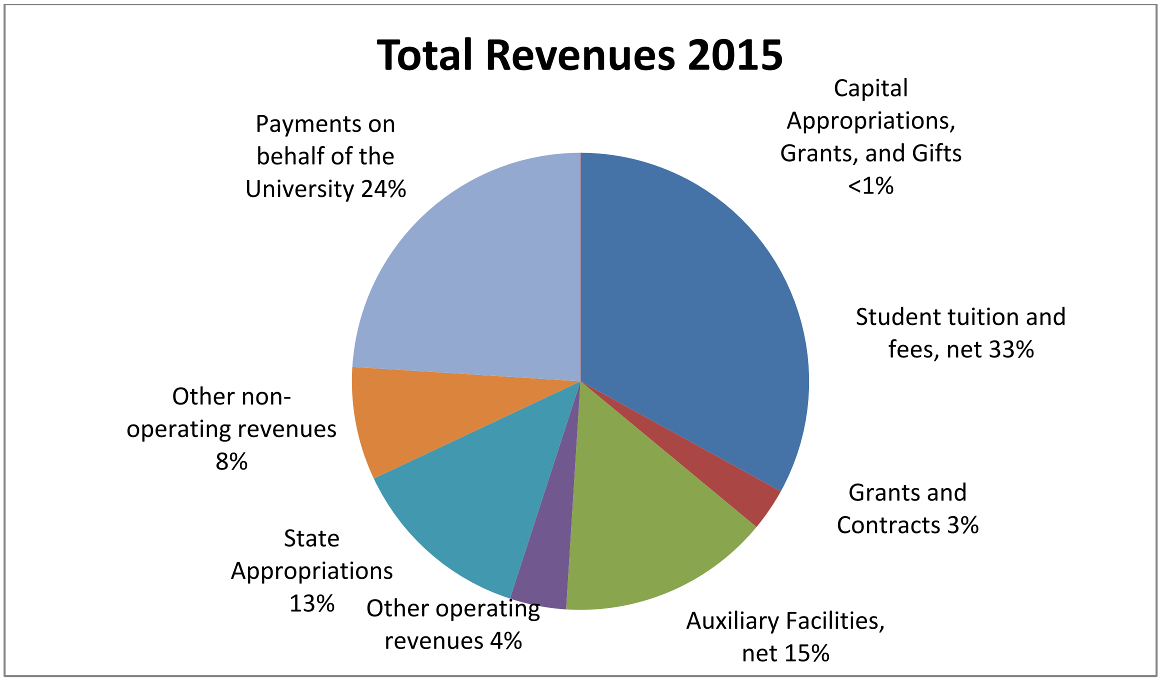
(Thousands of dollars)

2015	2014	2013 (as restated)
252,553 / 553,655 = 45.62%	230,911 / 550,161 = 41.97%	179,809 / 529,709 = 33.94%

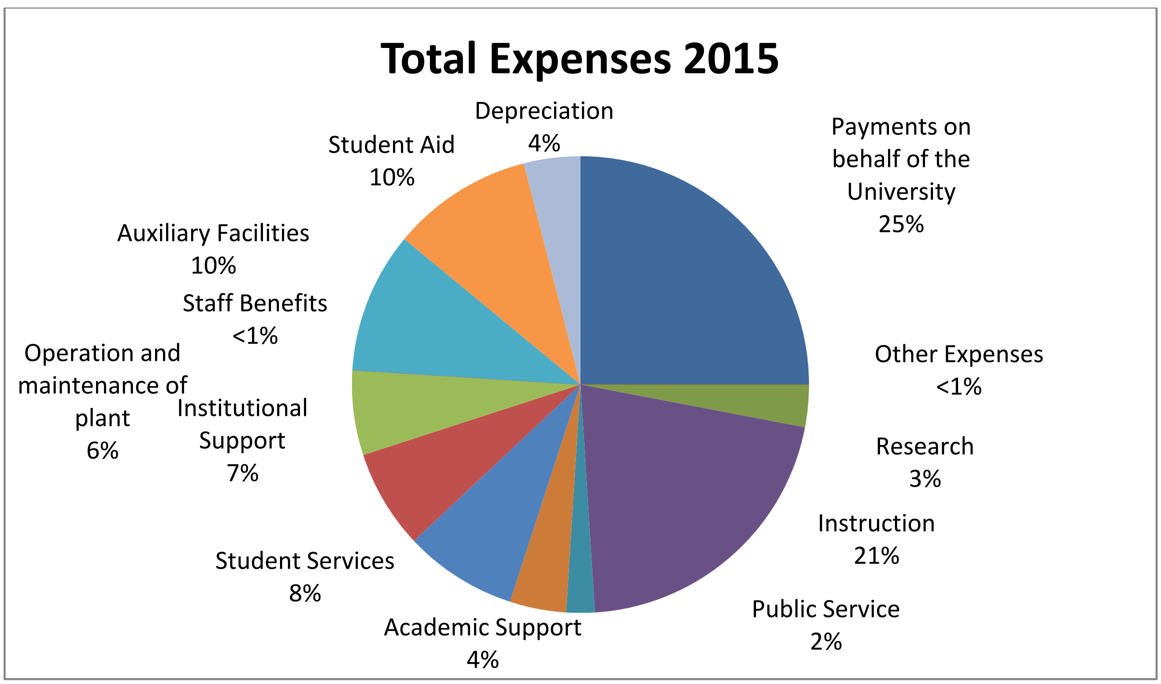
The following summarizes a comparative table of total revenues and total expenses by source/function and percentage:

	Percentage 2015	2014	2013 (as restated)
Revenues by Source			
Student tuition and fees, net	33%	33%	31%
Grants and contracts	3	3	5
Auxiliary facilities	15	15	14
Other operating revenues	4	5	5
State appropriations	13	13	13
Payments on behalf of the University	24	23	24
Other non-operating revenues	8	8	7
Capital appropriations, gifts, and grants	<1	<1	1
Total revenues percentage	100%	100%	100%
Expenses by Function			
Instruction	21%	21%	22%
Research	3	3	3
Public service	2	3	3
Academic support	4	4	3
Student services	8	7	7
Institutional support	7	7	7
Operation and maintenance of plant	6	9	7
Depreciation	4	4	4
Staff Benefits	<1	<1	1
Student Aid	10	9	8
Payments on behalf of the University	25	23	25
Auxiliary facilities	10	10	10
Other	<1	<1	<1
Total expenses percentage	100%	100%	100%
Expenses by Natural Classification			
Compensation and benefits	64%	63%	65%
Supplies and services	22	26	24
Scholarships	10	7	7
Depreciation	4	4	4
Total operating percentage	100%	100%	100%

The following graph illustrates total revenues by source:



The following graph illustrates total expenditures by function:



Statements of Cash Flows

The Statements of Cash Flows provide information about the University's cash receipts and cash payments. The statements are divided into five sections. The first section deals with operating cash flows and shows the net cash used for the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and noncapital financing purposes. The third section shows the cash flows from capital and related financing activities. This section shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The last section reconciles the operating loss shown on the Statements of Revenues, Expenses, and Changes in Net Position to the cash used by operating activities on the Statements of Cash Flows.

Following are condensed Statements of Cash Flows for the Years ended June 30, 2015, 2014 and 2013:

	(Thousands of dollars) 2015	2014	2013
Net cash used in operating activities	$ (65,070)	$ (83,749)	$ (56,274)
Cash flows provided by noncapital financing activities	123,067	123,632	119,812
Cash flows provided by (used in) capital and related financing activities	(36,259)	5,092	(58,234)
Cash flows provided by (used in) investing activities	(13,528)	(59,253)	19,922
Net increase (decrease) in cash and cash equivalents	8,210	(14,278)	25,226
Cash – beginning of year	47,322	61,600	36,374
Cash – end of year	$ 55,532	$ 47,322	$ 61,600

The Statements of Cash Flows include cash transactions of internal service departments, gross receipts and disbursements of the agency custodial accounts, and direct lending receipts and disbursements that are not included in the Statements of Revenues, Expenses, and Changes in Net Position.

Capital Asset and Debt Administration

The University's capital assets include land, land improvements, infrastructure, buildings, equipment, library books and construction in progress.

The following summarizes a table of capital assets, accumulated depreciation and depreciation expense for fiscal years ended June 30, 2015, 2014 and 2013.

	(Thousands of dollars)		
	2015	2014	2013
Capital Assets	$ 848,056	$ 827,173	$ 830,239
Accumulated Depreciation	405,847	383,966	373,395
Capital Assets, Net	$ 442,209	$ 443,207	$ 456,844
Depreciation Expense	$ 24,316	$ 24,529	$ 23,248

Capital asset funding includes revenue bonds, State capital appropriations, internal funds and certificates of participation. These funding sources are used for student housing buildings and classroom buildings.

The University primarily uses revenue bonds and certificates of participation to fund construction projects. The University also occasionally uses capital leases for certain equipment.

The following summarizes a table of long-term debt, including current principal, for fiscal years ended June 30, 2015, 2014 and 2013.

	(Thousands of dollars)		
	2015	2014	2013
Revenue Bonds	$ 91,385	$ 97,985	$ 100,075
Certificates of Participation	$ 53,518	56,076	32,821
Capital Leases	$ 508	1,002	1,484

On April 10, 2014, Moody's Investors Service maintained Illinois State University's rating of "A3 negative" on its Auxiliary Facilities System Revenue Bonds and Certificates of Participation.

The debt burden ratio examines the dependence on borrowed funds as a source of financing and the cost of borrowing relative to overall expenditures. It compares the level of current debt service with the University's total expenditures.

The Debt Burden Ratio (debt service / total expenses) is:

(Thousands of dollars)		
2015	2014	2013
16,059 / 533,935 = 3.00%	9,995 / 524,534 = 1.91%	22,411 / 517,796 = 4.33%

Economic Outlook

The Comptroller of the State of Illinois reported $2.830 billion of unpaid general fund vouchers at the end of Fiscal Year 2015, an increase of $426 million from Fiscal Year 2014. As the State has not acted on an appropriation bill to fund higher education, the University has developed a contingency plan to manage reductions of its Fiscal Year 2016 appropriations. On October 23, 2015, the University's Board of Trustees approved a Fiscal Year 2016 Budget for Operations in an amount not to exceed $422,246,900. This is reflective of a $7.4 million (10%) reduction in Fiscal Year 2016 State appropriations compared to the prior year's original appropriation.

The University continues to monitor cash flow and make investment decisions accordingly. The University also experienced record freshman attendance this year as well as maintaining strong student retention. Furthermore, as of October 27, 2015, Moody's Investor Service reaffirmed the University's bond rating of A3 negative.

The University is not aware of any additional facts, decisions, or conditions that might be expected to have a significant effect on the financial position or results of operations during this and future fiscal years.

ILLINOIS STATE UNIVERSITY
STATEMENTS OF NET POSITION
AS OF JUNE 30,

	2015 University	2015 Foundation	2014 University	2014 Foundation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets:				
Cash and cash equivalents	$ 48,550,158	$ 11,001,982	$ 39,824,515	$ 10,187,385
Restricted cash and cash equivalents	6,982,251	-	7,497,268	-
Investments	35,809,640	-	20,362,000	-
Investments Restricted	2,142,006	-	11,947,435	-
Accrued interest receivable	483,850	-	476,846	-
Accrued interest receivable restricted	2,684	-	2,684	-
Accounts receivable, net	12,783,798	356,120	14,123,882	896,574
Student loans receivable, net	8,064,663	-	1,038,170	-
Pledges receivable, net	-	995,446	-	835,274
Appropriations receivable from State	14,508,285	-	18,260,048	-
Inventories	2,695,897	-	2,764,499	-
Prepaid expenses, deposits and other	2,632,650	-	2,574,519	-
Total current assets	134,655,882	12,353,548	118,871,866	11,919,233
Noncurrent Assets:				
Restricted cash and cash equivalents	-	771,193	-	1,812,832
Investments	177,046,710	113,913,327	163,975,141	109,647,409
Investments Restricted	-	-	2,146,353	-
Student loans receivable, net	385,604	-	7,577,764	-
Pledges receivable, net	-	1,399,281	-	1,349,362
Debt issuance costs	521,827	-	561,460	-
Capital assets not depreciated	37,732,232	980,000	27,094,450	980,000
Capital assets, net of depreciation	404,477,280	7,234,869	416,112,556	7,508,200
Other noncurrent assets	600,000	4,264,569	900,000	4,364,185
Total noncurrent assets	620,763,653	128,563,239	618,367,724	125,661,988
Deferred outflow of resources	651,497	-	-	-
Total assets and deferred outflows of resources	756,071,032	140,916,787	737,239,590	137,581,221
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	18,862,473	757,812	20,151,199	562,793
Obligations under capital leases	507,804	-	494,561	-
Assets held in custody for others and deposits	7,127,226	-	8,093,064	-
Unearned revenue	11,356,040	-	10,239,788	-
Certificates of participation	2,633,545	-	2,558,545	-
Revenue bonds payable	6,941,053	-	6,908,055	-
Accrued compensated absences	2,048,201	-	2,022,159	-
Other	-	420,836	-	409,216
Total current liabilities	49,476,342	1,178,648	50,467,371	972,009
Noncurrent Liabilities:				
Assets held in custody for others and deposits	15,873	-	19,090	-
Certificates of participation	50,884,018	-	53,517,563	-
Revenue bonds payable	84,444,326	-	91,076,578	-
Accrued compensated absences	14,408,869	-	14,096,647	-
Obligations under capital leases	-	-	507,804	-
Other	-	3,576,177	-	3,941,601
Total noncurrent liabilities	149,753,086	3,576,177	159,217,682	3,941,601
Total liabilities	199,229,428	4,754,825	209,685,053	4,913,610
NET POSITION				
Net investment in capital assets	304,288,821	4,497,939	296,643,533	4,236,059
Restricted:				
Nonexpendable	-	70,558,435	-	68,094,396
Expendable	9,545,309	52,111,758	9,539,186	50,879,242
Unrestricted	243,007,474	8,993,830	221,371,818	9,457,914
Total net position	$ 556,841,604	$ 136,161,962	$ 527,554,537	$ 132,667,611

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

ILLINOIS STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30,

	2015		2014	
	University	Foundation	University	Foundation
OPERATING REVENUES				
Student tuition and fees, net	$ 191,621,434	$ -	$ 180,469,279	$ -
Federal grants and contracts	11,773,800	-	12,192,971	-
State and local grants and contracts	2,957,409	2,390,524	2,683,647	2,291,329
Nongovernmental grants and contracts	2,559,332	-	2,344,371	-
Sales and services of educational activities	2,868,737	-	2,866,153	-
Auxiliary enterprises:				
Auxiliary facilities	84,668,594	-	83,179,349	-
Other operating revenues	23,037,486	422,635	22,746,648	649,094
Total operating revenues	319,486,792	2,813,159	306,482,418	2,940,423
OPERATING EXPENSES				
Educational and General:				
Instruction	117,811,710	-	113,309,443	-
Research	15,699,061	-	14,766,746	-
Public service	12,990,705	-	14,210,276	-
Academic support	20,321,684	-	19,942,550	-
Student services	42,767,857	-	38,757,524	-
Institutional support	37,006,836	-	35,453,411	-
Operations	-	3,428,475	-	3,307,774
Operation and maintenance of plant	30,630,543	-	48,728,240	-
Depreciation	24,315,688	420,827	24,529,019	421,513
Staff benefits	2,738,511	-	1,756,425	-
Student aid	52,129,985	3,356,153	47,116,143	3,017,428
Payments on behalf of the University	136,085,524	-	127,236,673	-
Auxiliary facilities:				
Student housing, activity facilities, and parking	53,973,226	-	56,645,114	-
Other operating expenditures	1,567,580	307,197	1,819,435	167,555
Expenditures on behalf of the University	-	4,599,499	-	4,274,622
Total operating expenses	548,038,910	12,112,151	544,270,999	11,188,892
Operating loss	(228,552,118)	(9,298,992)	(237,788,581)	(8,248,469)
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	72,226,700	-	74,089,200	-
Payments on behalf of the University - State	136,085,524	-	127,236,673	-
Payments on behalf of the University - Foundation	1,468,954	-	1,453,205	-
Laboratory Schools	8,479,585	-	8,618,042	-
Gifts and donations	557,001	8,536,856	152,182	6,173,555
Investment income (loss), net of investment expenses	3,043,908	3,157,189	2,904,840	16,490,658
Interest expense	(5,616,037)	(186,084)	(5,890,064)	(191,351)
Other nonoperating revenues	38,575,390	756,086	37,055,165	687,739
Other nonoperating expenses	-	(1,261,119)	-	(1,027,828)
Net non-operating revenues	254,821,025	11,002,928	245,619,243	22,132,773
Income before capital items	26,268,907	1,703,936	7,830,662	13,884,304
Capital appropriations	1,298,673	-	890,862	-
Capital grants and gifts	1,091,332	-	1,350,420	-
Additions to permanent endowments	-	1,790,415	-	1,464,511
Total capital items	2,390,005	1,790,415	2,241,282	1,464,511
Increase in net position	28,658,912	3,494,351	10,071,944	15,348,815
NET POSITION				
Net position, beginning of year	527,554,537	132,667,611	517,482,593	117,318,796
Cumulative effect of changes in accounting principle	628,155	-	-	-
Net position, beginning of year, as restated	528,182,692	132,667,611	517,482,593	117,318,796
Net position, end of year	$ 556,841,604	$ 136,161,962	$ 527,554,537	$ 132,667,611

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

ILLINOIS STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30,

	2015 University	2014 University
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 197,747,561	$ 186,916,123
Grants and contracts	19,645,378	20,744,599
Payments to suppliers	(127,239,848)	(138,852,413)
Payments to employees for salaries and benefits	(227,032,137)	(223,799,716)
Payments for scholarships and fellowships	(57,753,057)	(53,543,396)
Student loans issued	(1,619,059)	(1,416,473)
Collection of student loans	1,684,948	1,600,742
Auxiliary enterprise charges:		
Auxiliary Facilities	85,559,005	81,043,663
Sales and service of educational activities	2,868,737	2,866,153
Payments to internal service departments	(18,299,470)	(17,142,940)
Internal service departments receipts	18,299,470	17,142,940
Agency custodial receipts	126,138,075	128,376,888
Agency custodial disbursements	(126,490,079)	(127,424,054)
Other receipts	41,420,929	39,739,155
Net cash used in operating activities	(65,069,547)	(83,748,729)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	75,978,463	78,047,898
Gifts and grants for other than capital purposes	1,532	1,298
Student direct lending receipts	116,144,105	114,407,498
Student direct lending disbursements	(116,144,105)	(114,407,498)
Other receipts	38,575,391	37,055,165
Laboratory schools	8,511,751	8,527,319
Net cash provided by noncapital financing activities	123,067,137	123,631,680
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of capital debt:		
Capital long-term debt	-	24,571,835
Gifts and grants for capital purposes	157,598	3,665,009
Net purchases of capital assets	(20,358,217)	(13,150,111)
Principal paid on capital debt and leases	(10,224,561)	(4,791,664)
Interest paid on capital debt and leases	(5,834,199)	(5,203,026)
Net cash provided by (used in) capital financing activities	(36,259,379)	5,092,043
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	36,953,000	17,000,000
Interest on investments	4,088,707	3,877,077
Purchase of investments	(54,569,292)	(80,129,890)
Net cash used in investing activities	(13,527,585)	(59,252,813)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,210,626	(14,277,819)
Balance, beginning of year	47,321,783	61,599,602
Balance, end of year	$ 55,532,409	$ 47,321,783

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

ILLINOIS STATE UNIVERSITY
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JUNE 30,

	2015 University	2014 University
RECONCILIATION		
Operating loss	$ (228,552,118)	$ (237,788,581)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	24,315,688	24,529,019
Payments on behalf of the University	137,554,478	128,689,878
Donated equipment below capitalization threshold	555,469	150,885
Changes in assets and liabilities:		
Accounts receivables, net	1,365,514	(3,621,429)
Student loans receivable, net	165,667	220,504
Inventories	68,602	(43,165)
Other assets	240,513	(531,787)
Deferred outflow of resources	(23,342)	-
Accounts payable and accrued liabilities	(1,245,479)	997,548
Unearned revenue	1,116,252	3,084,849
Assets held in custody for others and deposits	(969,055)	1,134,496
Compensated absences	338,264	(570,946)
Net cash used in operating activities	$ (65,069,547)	$ (83,748,729)
SUPPLEMENTAL SCHEDULE OF NONCASH TRANSACTIONS		
Payments on behalf of the University	$ 137,554,478	$ 128,689,878
Donated capital assets	1,091,332	1,350,420
Capital appropriation acquisitions	1,298,673	890,862
Bond accretion	572,200	474,554
Donated equipment below capitalization threshold	196,353	150,885
Construction costs in accounts payable	3,222,476	3,334,787
Investment income unrealized loss and amortization	(1,050,084)	(828,581)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and cash equivalents classified as current assets	$ 48,550,158	$ 39,824,515
Restricted cash and cash equivalents classified as current assets	6,982,251	7,497,268
	$ 55,532,409	$ 47,321,783

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

Note 1. Summary of Significant Accounting Policies

THE FINANCIAL REPORTING ENTITY AND COMPONENT UNIT DISCLOSURES

The Illinois State University, which is governed by the Board of Trustees, was founded in 1857 and is the oldest public institution of higher learning in Illinois. As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University (the primary government) and its discretely presented component unit (the Illinois State University Foundation). The component unit discussed below is included in the University's financial reporting entity (the Entity) due to the significance of its financial relationship with the University and is in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61.

The Illinois State University Foundation (Foundation) is a University Related Organization as defined under the University Guidelines adopted by the State of Illinois' Legislative Audit Commission in 1982. The Foundation is reported in a separate column to emphasize that it is an Illinois non-profit organization that is legally separate from the University. Complete financial statements for the Foundation may be obtained by writing the Illinois State University Foundation, Campus Box 8000, Normal, Illinois 61790-8000.

The Foundation was incorporated in May 1948 under the "General Not-for-Profit Corporation Act" for the purpose of providing fund raising and other assistance to the University in order to attract private gifts to support the University's instructional, research, and public service activities. The Foundation is an organization as described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, exempt from federal income tax. *See Note 13, Transactions with Related Organizations.*

The Foundation has formed two limited liability companies (LLCs) to carry out the Foundation's mission to assist the University. The Foundation is a sole member of each of these LLCs. The governing board for each LLC, known as "Launching Futures, LLC" and "Launching Futures II, LLC", consists of the executive officers of the Foundation. This LLC activity is included as part of the Foundation's financial statements.

The University is a component unit of the State of Illinois for financial reporting purposes. The University is a component unit of the State of Illinois because the Governor appoints a majority of the Board of Trustees, the State is able to impose its will on the University, and the potential exists for the University to provide the State specific financial benefits or impose specific financial burdens on the State. The financial balances and activities included in these financial statements are also included in the State of Illinois' Comprehensive Annual Financial Report. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871 or assessing its website at www.illinoiscomptroller.gov.

Financial Statements Presentation: The University's financial statements include the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. The financial statements are prepared in accordance with GASB principles and presented on an entity-wide basis. The University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during this fiscal year.

Effective for the periods beginning after June 15, 2014, GASB Statement No. 68 required the University to recognize as deferred outflows the pension contributions made after the measurement date and expensed during the current reporting period. The University is also required to restate beginning net position for deferred outflows made subsequent to the measurement date but before the start of the current fiscal year. The deferred outflow of resources is comprised of pension contributions made during Fiscal Year 2014. Beginning of year net position is being restated as it is not practical to restate Fiscal Year 2014 balances.

	2015
Net position, beginning of year, as originally reported	$527,554,537
Effect of change in accounting principle	628,155
Net position, beginning of year as restated	$528,182,692

The Foundation determined that it met the criteria to report its statement of net position, changes in net position and cash flows on the basis of standards promulgated by the Financial Accounting Standards Board (FASB) rather than the GASB. As a result, the July 1, 2013, net position was converted to Financial Accounting Standards from Governmental Accounting Standards; this conversion included the following adjustment to net position:

	2014
Net position, beginning of year, as originally reported	$113,742,964
Effect of change in accounting standard	3,575,832
Net position, beginning of year as restated	$117,318,796

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

The Foundation follows FASB standards for financial statement presentation. Consequently, reclassifications have been made to convert their financial statements to the GASB format for inclusion in the Foundation column of the financial statements and disclosures.

Cash and Cash Equivalents: In accordance with GASB Statement No. 9, cash equivalents are defined as short-term, highly liquid investments that are both:

a. Readily convertible to known amounts of cash.
b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less meet this definition.

Restricted Cash and Cash Equivalents: Included in restricted cash and cash equivalents is the unspent proceeds from revenue bonds and certificates of participation.

Investments: The University accounts for its investments at fair value as determined by quoted market prices in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statements of Revenues, Expenses and Changes in Net Position.

Accounts Receivable: Accounts receivable consist of tuition and fee charges to students and auxiliary facilities service provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, State and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Loans to Students: The University makes loans to students under various Federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts.

Inventories: Inventories are carried at the lower of cost or market on either the first-in, first-out; weighted average; or average cost methods.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Livestock for educational purposes is recorded at estimated fair value. For equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than two years. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The University reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 40 years for infrastructure and land improvements, 10 years for library books, and 3 to 7 years for equipment.

Capitalization of Interest: Interest is charged to expense as incurred except for interest related to borrowings used for construction projects which is capitalized net of interest earned on construction funds borrowed. Interest capitalization ceases when the construction project is substantially complete. During fiscal years ended 2015 and 2014, the University capitalized $891,903 and $471,120 net interest expense for construction projects, respectively.

Unearned Revenue: Unearned revenue includes amounts received for tuition and fees, advance ticket sales and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: Employee vacation and sick pay is accrued at fiscal year-end for financial statement purposes. The liability is recorded at year-end as current and long-term liabilities (*see Note 9*) in the Statements of Net Position. The expense is recorded in the Statements of Revenues, Expenses and Changes in Net Position as a component of operating expenses.

Employment Contracts for Certain Academic Personnel: Employment contracts for certain academic personnel provide for twelve monthly salary payments, although the contracted services are rendered during a nine month period. The liability for those employees who have completed their contracted services, but have not yet received final payment, was $5,324,288 and $5,057,916 at June 30, 2015 and 2014, respectively, and is recorded in the accompanying financial statements.

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of revenue bonds payable, certificates of participation, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Pensions: For purpose 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 of Illinois (SURS) and additions to/deductions from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 of 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.

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 consist 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 include resources in which the University is legally or contractually obligated to spend resources 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 facilities. These resources are not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board of Trustees.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Taxes: Certain activities of the University are subject to State sales tax and some activities may be subject to taxation as unrelated business income under the Internal Revenue Code.

Classification of Revenue: The University has classified its revenue as either operating or non-operating revenue according to the following criteria:

***Operating revenue*:** Operating revenue includes 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 facilities, net of scholarship discounts and allowances, (3) most Federal, State and local grants and contracts except for certain student financial aid classified as nonoperating revenues and (4) interest on institutional student loans.

Non-operating revenue: Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions. Other significant revenues that are expected to be recurring, including Pell grants, Federal Supplemental Educational Opportunity grants, State Monetary Award Program grants and State appropriations, are considered nonoperating revenues under GASB Statement No. 34.

Scholarship Discounts and Allowances: Student tuition and fee revenue, and certain other revenue from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position using the National Association of College and University Business Officers' Advisory Report 2000-05's alternate method calculations. 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 and other Federal, State or nongovernmental programs, are recorded as either operating or non-operating revenue 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.

	2015	2014
Student tuition and fees	$ 256,562,889	$ 242,195,211
Less scholarship discounts and allowances	(63,771,238)	(60,623,283)
Less discounts for employee waivers	(1,170,217)	(1,102,649)
Net student tuition and fees	$ 191,621,434	$ 180,469,279
Auxiliary facilities	$ 97,315,559	$ 95,355,404
Less scholarship discounts and allowances	(12,646,965)	(12,176,055)
Net auxiliary facilities	$ 84,668,594	$ 83,179,349

Use of Estimates in Preparing Financial Statements: 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain prior year amounts have been reclassified to conform to current year presentations.

Note 2. Deposits

At June 30, 2015 and 2014, the University's bank balances were $32,107,491 and $30,451,827, respectively, and were covered by the Federal Deposit Insurance Corporation or pledged collateral held by the pledging financial instruction in the University's name. The University has no exposure to foreign currency risk.

Foundation Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned. The Federal Deposit Insurance Corporation or the Security Investor Protection Corporation insured account had a balance of $791,149 and $1,875,879 at June 30, 2015 and 2014, respectively. Bank balances of $11,158,897 at June 30, 2015 and $10,108,600 at June 30, 2014 were invested in investment sweep funds secured by U.S. government obligations.

DEPOSITS:	2015		2014	
University	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Bank Checking Funds	$ 32,107,491	$ 29,909,739	$ 30,451,827	$ 27,931,627
Foundation				
Cash in bank	$ 11,930,090	$ 11,773,175	$ 11,984,479	$ 12,000,217

Reconciliation of cash and cash equivalents to deposits:

	2015	
	University	Foundation
Cash and cash equivalents		
Current	$ 55,532,409	$ 11,001,982
Noncurrent	-	771,193
Total cash and cash equivalents	$ 55,532,409	$ 11,773,175
Less: Vault cash and change funds	(192,504)	-
Less: Money market mutual funds classified as investments for purposes of categorization	(25,430,166)	-
Carrying amount of deposits	$ 29,909,739	$ 11,773,175

	2014	
	University	Foundation
Cash and cash equivalents		
Current	$ 47,321,783	$ 10,187,385
Noncurrent	-	1,812,832
Total cash and cash equivalents	$ 47,321,783	$ 12,000,217
Less: Vault cash and change funds	(230,146)	-
Less: Money market mutual funds classified as investments for purposes of categorization	(19,160,010)	-
Carrying amount of deposits	$ 27,931,627	$ 12,000,217

Note 3. Investments

Investments are recorded at fair market value, as determined by quoted market prices.

UNIVERSITY INVESTMENTS

As of June 30, 2015, the University had the following investments:

	Fair Market Value	Less Than 1 Year	1 to 6 Years	S&P/Moody's Rating
U.S. Treasuries	$ 72,571,356	$ 27,367,856	$ 45,203,500	AAA
Federal Farm Credit Bank	32,657,540	7,001,890	25,655,650	AA+/AAA
Federal Home Loan Bank	109,769,460	3,581,900	106,187,560	AA+/AAA
Illinois Funds Investment Pool	18,447,915	18,447,915	-	AAAm
Bank Money Market Funds	6,982,251	6,982,251	-	AAAm/Aaa
Total University	$ 240,428,522	$ 63,381,812	$ 177,046,710	

Interest Rate Risk: The University does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: The University places no limit on the amount that may be invested in any one issuer. More than 5% of the University investments are in Federal Farm Credit Bank (13.6%) and Federal Home Loan Bank (45.7%).

Credit Risk: State law authorizes investments of U.S. Government Securities (Treasuries and Agencies), commercial paper (not more than 33% of total cash and investments), money market mutual funds and repurchase agreements. The University's investments are rated by the Moody's Investors Service and the Standard and Poor's Corporation.

The Illinois Funds is an external investment pool administered by the State Treasurer. The fair value of the University's investment fund is the same as the value of pool shares. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Public Funds Investment Act (30 ILCS 235), the State Treasurer Act (15 ILCS 505/17) and the Deposit of State Moneys Act (15 ILCS 520/22.5).

As of June 30, 2014, the University had the following investments:

	Fair Market Value	Less Than 1 Year	1 to 6 Years	S&P/Moody's Rating
U.S. Treasuries	$ 65,295,880	$ 2,749,478	$ 62,546,402	AAA
Federal Farm Credit Bank	23,091,530	-	23,091,530	AA+/AAA
Federal National Mortgage Association	5,048,550	5,048,550	-	AA+/AAA
Federal Home Loan Bank	104,994,969	24,511,407	80,483,562	AA+/AAA
Illinois Funds Investment Pool	11,662,733	11,662,733	-	AAAm
Bank Money Market Funds	7,497,277	7,497,277	-	AAAm/Aaa
Total University	$ 217,590,939	$ 51,469,445	$ 166,121,494	

Concentration of Credit Risk: The University places no limit on the amount that may be invested in any one issuer. More than 5% of the University investments are in Federal Farm Credit Bank (10.6%) and Federal Home Loan Bank (48.2%).

FOUNDATION INVESTMENTS

The carrying value of the investment portfolio of the Foundation at June 30, 2015 and 2014 is as follows:

	2015	2014
U.S. Treasury Notes	$ 37,368	$ 42,137
Common Stock	450,888	426,090
Mutual Funds-investing in:		
Stocks	58,469,567	58,080,728
Bonds	7,102,549	8,455,864
Commodities	1,202,126	1,566,227
International	1,854,417	70,877
Real Assets Marketable Funds	11,335,322	9,400,616
Hedged and Alternative Funds	32,860,459	31,004,239
Real Estate Investment	600,631	600,631
Total Foundation	$ 113,913,327	$ 109,647,409

Interest Rate Risk: The Foundation's investment policy requires the average duration of the fixed income portfolio to be within 20% of the duration of the index to which the portfolio is benchmarked.

Foreign Currency Risk. Foreign currency risk exists when there is a possibility that changes in exchange rates could adversely affect investments denominated in foreign currencies. The Foundation does not have a formal policy that addresses foreign currency risk.

As of June 30, 2015, the Foundation had $24,359,404 in U.S. dollar balances of international mutual fund investments exposed to foreign currency risk. Listed below are the U.S dollar balances of the Foundation's international mutual fund investments exposed to foreign currency risk as of June 30, 2015:

	Global Equity
Japanese Yen	$ 5,833,485
Euro	5,099,476
British Pound	4,223,081
Hong Kong Dollar	2,265,253
Other (individually below 5% of total)	6,938,109
Total	$ 24,359,404

Credit Risk: Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Foundation's investment policy states that no more than 25% of the fixed income portfolio may be rated below investment grade.

As of June 30, 2015, the Foundation had the following investments exposed to interest rate risk and credit risk:

	Fair Market Value	Weighted Average Life	S&P Rating
U.S. Treasury Notes	$ 37,368	1.9 years	AAA
Bond Mutual Funds	7,102,549	6.46 years	A+
Commodities Mutual Funds	1,202,126	0.57 year	AA-

As of June 30, 2014, the Foundation had the following investments exposed to interest rate risk and credit risk:

	Fair Market Value	Weighted Average Life	S&P Rating
U.S. Treasury Notes	$ 42,137	1.9 years	AAA
Bond Mutual Funds	8,455,864	7.0 years	A+
Commodities Mutual Funds	1,566,227	0.93 year	A

INVESTMENTS CONSIST OF THE FOLLOWING:

	2015		2014	
	University	Foundation	University	Foundation
Current:				
Investments	$ 37,951,646	$ -	$ 32,309,435	$ -
Noncurrent:				
Investments	177,046,710	113,913,327	166,121,494	109,647,409
	214,998,356	113,913,327	198,430,929	109,647,409
Money market mutual funds classified as cash and cash equivalents	25,430,166	-	19,160,010	-
Total	$ 240,428,522	$ 113,913,327	$ 217,590,939	$ 109,647,409

Bond resolutions restrict investments in the Auxiliary Debt Retirement account to U.S. Government securities. All other auxiliary facilities money may be invested in any instrument permitted by the laws of the State of Illinois for the investment of public funds.

Foundation policy states that assets are to be invested in a diversified portfolio of equity, fixed income and alternative strategies. No investment is to be made that will cause the total investment in equities or fixed income securities issued or guaranteed by any one person, firm, or corporation to exceed five percent of the then fair market value of the Foundation; provided, this restriction is not to apply to either well diversified mutual funds, pooled funds, unit trust, or the like, or direct obligations of the U.S. Government and its fully guaranteed agencies. Equity investments have an asset allocation range from 47% to 67% of the portfolio with a target weight of 57%; fixed income investments have an asset allocation range from 3% to 15% with a target weight of 5%; marketable alternative investments have an asset allocation range from 10% to 30% with a target weight of 20%; and real assets have an asset allocation range from 5% to 28% with a target weight of 18%.

Note 4. Accounts Receivable

Accounts receivable consist of the following at June 30, 2015 and 2014:

	2015	2014
Student tuition and fees	$ 6,141,885	$ 6,040,645
Auxiliary facilities and other operating activities	3,732,580	4,790,106
Other	709,337	641,265
Federal, state, and private grants and contracts	4,578,008	4,752,447
Sub-total	15,161,810	16,224,463
Less allowance for uncollectible accounts	(2,378,012)	(2,100,581)
Net Accounts Receivable	$ 12,783,798	$ 14,123,882

Note 5. Student Loans Receivable

Student loans receivable at June 30, 2015 and 2014 are summarized as follows:

	2015	2014
Perkins student loan fund	$ 9,010,679	$ 9,116,619
Nursing loan fund	447,434	451,850
University loan fund	38,261	32,249
Sub-total	9,496,374	9,600,718
Less allowance for uncollectible accounts	(1,046,107)	(984,784)
Net Student Loans Receivable	$ 8,450,267	$ 8,615,934
Estimated current portion	$ 8,064,663	$ 1,038,170
Estimated noncurrent portion	385,604	7,577,764
Total	$ 8,450,267	$ 8,615,934

Effective September 30, 2015, the Federal Government discontinued the Perkins Loan Program. As a result, the University reclassified all receivables in the Perkins student loan fund to current.

Note 6. Foundation Pledges Receivable

Foundation pledges receivable at June 30, 2015 and 2014 are summarized as follows:

	2015	2014
Pledges to be collected	$ 2,638,241	$ 2,400,503
Less discount for the time value of money	(45,646)	(35,829)
Less allowance for uncollectible accounts	(197,868)	(180,038)
Net Foundation Pledges Receivable	$ 2,394,727	$ 2,184,636
Estimated current portion	$ 995,446	$ 835,274
Estimated noncurrent portion	1,399,281	1,349,362
Total	$ 2,394,727	$ 2,184,636

Note 7. Unearned Revenue

Unearned revenue consists of the following at June 30, 2015 and 2014:

	2015	2014
Prepaid tuition and fees	$ 6,333,838	$ 5,737,872
Auxiliary facilities	745,822	774,129
Grants and contracts	4,179,082	3,638,998
Other	97,298	88,789
Unearned Revenue	$ 11,356,040	$ 10,239,788

Note 8. Capital Assets

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

University

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated					
Land	$ 15,263,775	$ 642,021	$ -	$ -	$ 15,905,796
Construction in progress	11,830,675	13,222,119	-	(3,226,358)	21,826,436
Total capital assets not being depreciated	$ 27,094,450	$ 13,864,140	$ -	$ (3,226,358)	$ 37,732,232
Capital assets being depreciated					
Land Improvements	$ 35,013,200	$ -	$ -	$ -	$ 35,013,200
Infrastructure	13,146,983	-	-	-	13,146,983
Buildings	566,184,287	969,040	-	3,226,358	570,379,685
Equipment	95,235,693	4,367,671	(2,485,688)	-	97,117,676
Library Materials	90,498,843	4,167,500	-	-	94,666,343
Total capital assets being depreciated	$ 800,079,006	$ 9,504,211	$ (2,485,688)	$ 3,226,358	$ 810,323,887
Less Accumulated Depreciation for					
Land Improvements	$ 13,444,289	$ 1,003,506	$ -	$ -	$ 14,447,795
Infrastructure	7,296,909	302,551	-	-	7,599,460
Buildings	217,189,653	13,033,276	-	-	230,222,929
Equipment	74,694,116	6,322,299	(2,435,531)	-	78,580,884
Library Materials	71,341,483	3,654,056	-	-	74,995,539
Total Accumulated Depreciation	$ 383,966,450	$ 24,315,688	$ (2,435,531)	$ -	$ 405,846,607
Total capital assets being depreciated, net	$ 416,112,556	$ (14,811,477)	$ (50,157)	$ 3,226,358	$ 404,477,280
Capital assets, net	$ 443,207,006	$ (947,337)	$ (50,157)	$ -	$ 442,209,512

Foundation

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated	$ 980,000	$ -	$ -	$ -	$ 980,000
Capital assets being depreciated	10,742,698	147,496	(18,181)	-	10,872,013
Less accumulated depreciation	3,234,498	420,827	(18,181)	-	3,637,144
Total capital assets being depreciated	$ 7,508,200	$ (273,331)	$ -	$ -	$ 7,234,869
Capital assets, net	$ 8,488,200	$ (273,331)	$ -	$ -	$ 8,214,869

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

University

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated					
Land	$ 14,489,419	$ 774,356	$ -	$ -	$ 15,263,775
Construction in progress	38,604,399	14,637,964	(13,890,998)	(27,520,690)	11,830,675
Total capital assets not being depreciated	$ 53,093,818	$ 15,412,320	$ (13,890,998)	$ (27,520,690)	$ 27,094,450
Capital assets being depreciated					
Land Improvements	$ 35,276,456	$ -	$ (263,256)	$ -	$ 35,013,200
Infrastructure	12,682,559	-	-	464,424	13,146,983
Buildings	549,388,411	1,846,667	(12,107,057)	27,056,266	566,184,287
Equipment	93,324,809	4,365,829	(2,454,945)	-	95,235,693
Library Materials	86,473,187	4,025,656	-	-	90,498,843
Total capital assets being depreciated	$ 777,145,422	$ 10,238,152	$ (14,825,258)	$ 27,520,690	$ 800,079,006
Less Accumulated Depreciation for					
Land Improvements	$ 12,589,734	$ 1,027,865	$ (173,310)	$ -	$ 13,444,289
Infrastructure	7,001,886	295,023	-	-	7,296,909
Buildings	215,743,903	13,055,224	(11,609,474)	-	217,189,653
Equipment	70,403,700	6,465,445	(2,175,029)	-	74,694,116
Library Materials	67,656,021	3,685,462	-	-	71,341,483
Total Accumulated Depreciation	$ 373,395,244	$ 24,529,019	$ (13,957,813)	$ -	$ 383,966,450
Total capital assets being depreciated, net	$ 403,750,178	$ (14,290,867)	$ (867,445)	$ 27,520,690	$ 416,112,556
Capital assets, net	$ 456,843,996	$ 1,121,453	$ (14,758,443)	$ -	$ 443,207,006

Foundation

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated	$ 980,000	$ -	$ -	$ -	$ 980,000
Capital assets being depreciated	10,593,737	148,961	-	-	10,742,698
Less accumulated depreciation	2,812,985	421,513	-	-	3,234,498
Total capital assets being depreciated	$ 7,780,752	$ (272,552)	$ -	$ -	$ 7,508,200
Capital assets, net	$ 8,760,752	$ (272,552)	$ -	$ -	$ 8,488,200

Note 9. Long-term Liabilities

UNIVERSITY LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Retirements	Ending Balance
Total				
Accrued compensated absences	$ 16,118,806	$ 2,030,034	$ (1,691,770)	$ 16,457,070
Certificates of participation	56,076,108	-	(2,558,545)	53,517,563
Revenue bonds payable	97,984,633	550,336	(7,149,590)	91,385,379
Total	$ 170,179,547	$ 2,580,370	$ (11,399,905)	$ 161,360,012
Current portion				
Accrued compensated absences	$ 2,022,159			$ 2,048,201
Certificates of participation	2,558,545			2,633,545
Revenue bonds payable, net	6,908,055			6,941,053
Total current portion	$ 11,488,759			$ 11,622,799
Noncurrent portion				
Accrued compensated absences	$ 14,096,647			$ 14,408,869
Certificates of participation	53,517,563			50,884,018
Revenue bonds payable, net	91,076,578			84,444,326
Total noncurrent portion	$ 158,690,788			$ 149,737,213

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

	Beginning Balance	Additions	Retirements	Ending Balance
Total				
Accrued compensated absences	$ 16,689,752	$ 1,796,355	$ (2,367,301)	$ 16,118,806
Certificates of participation	32,820,770	24,807,365	(1,552,027)	56,076,108
Revenue bonds payable	100,075,418	653,806	(2,744,591)	97,984,633
Total	$ 149,585,940	$ 27,257,526	$ (6,663,919)	$ 170,179,547
Current portion				
Accrued compensated absences	$ 1,880,264			$ 2,022,159
Certificates of participation	1,553,238			2,558,545
Revenue bonds payable, net	2,688,574			6,908,055
Total current portion	$ 6,122,076			$ 11,488,759
Noncurrent portion				
Accrued compensated absences	$ 14,809,488			$ 14,096,647
Certificates of participation	31,267,532			53,517,563
Revenue bonds payable, net	97,386,844			91,076,578
Total noncurrent portion	$ 143,463,864			$ 158,690,788

Revenue bonds payable at June 30, 2015 and 2014 consists of the following:

	2015	2014
Revenue Bonds, Series 1996:		
Capital Appreciation Bonds	5,466,463	10,626,126
Revenue Bonds, Series 2006:		
New Project Bonds	39,022,209	38,983,937
Revenue Bonds, Series 2008:		
New Project Bonds	26,150,000	27,100,000
Revenue Bonds, Series 2012:		
New Project Bonds	18,696,707	18,724,570
New Project Bonds, Taxable	2,050,000	2,550,000
Total revenue bonds payable	$ 91,385,379	$ 97,984,633

Maturities and interest requirements on revenue bonds payable at June 30, 2015, are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 7,195,000	$ 3,644,031	$ 10,839,031
2017	3,950,000	3,599,571	7,549,571
2018	4,070,000	3,463,911	7,533,911
2019	4,215,000	3,314,321	7,529,321
2020	4,375,000	3,153,472	7,528,472
Sub-total	23,805,000	17,175,306	40,980,306
2021-2025	24,735,000	12,916,037	37,651,037
2026-2030	30,550,000	7,089,768	37,639,768
2031-2033	12,675,000	956,120	13,631,120
Sub-total	91,765,000	$ 38,137,231	$ 129,902,231
Additions (Deductions):			
Unaccreted Appreciation	(243,537)		
Unamortized Discounts	(602,791)		
Unamortized Premiums	466,707		
Total	$ 91,385,379		

The Series 1996, 2006, 2008 and 2012 bonds are secured by a pledge of the net revenue of auxiliary facilities, as well as the pledged portion of the tuition, health service and athletic and service fees charged to students.

On December 10, 1996, $18,101,018 in Revenue Bonds, Series 1996 were issued. The Series 1996 Bonds consisted of $13,760,000 in Current Interest Bonds and $4,341,018 in Capital Appreciation Bonds. The Current Interest Bonds matured on April 1, 2013. The Capital Appreciation Bonds have a principal at maturity of $12,755,000 and an original issue discount of $8,413,982. The original issue discount is being accreted to interest expense over the term of the bonds. The Capital Appreciation Bonds yield 5.80% to 5.90% interest and mature annually commencing April 1, 2014, through April 1, 2016.

On March 21, 2006, $45,595,000 in Revenue Bonds, Series 2006 were issued. The Series 2006 Bonds consisted of $39,625,000 of New Project Bonds and $5,970,000 in Current Refunding Bonds. The New Project Bonds mature beginning April 1, 2017, and continuing through April 1, 2031. These New Project Bonds bear interest from 3.90% to

4.40%. Interest is payable on April 1 and October 1 of each year, commencing October 1, 2006. The Current Refunding Bonds matured on April 1, 2013.

On March 1, 2008, $30,635,000 in Revenue Bonds, Series 2008 were issued. The New Project Bonds mature beginning April 1, 2011, and continuing through April 1, 2033. These New Project Bonds bear interest from 2.70% to 5.00%. Interest is payable on April 1 and October 1 of each year, commencing October 1, 2008.

On May 16, 2012, $21,280,000 in Revenue Bonds, Series 2012 were issued. The Series 2012 Bonds consisted of $18,230,000 of Series 2012A Bonds and $3,050,000 Series 2012B (taxable) Bonds. The Series 2012A Bonds mature beginning April 1, 2018, and continuing through April 1, 2032. The Series 2012A Bonds bear interest from 3.00% to 4.00%. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2012. The Series 2012B Bonds mature beginning April 1, 2014, and continuing through April 1, 2018. The Series 2012B Bonds bear interest from 1.30% to 2.40%. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2012.

As a requirement of issuing revenue bonds the University is subject to certain covenants. The University monitors its compliance with these covenants and is not aware of violations of these covenants.

PLEDGED REVENUES & SERVICE REQUIREMENTS

The University has pledged fees relating to tuition, health services, athletics, health insurance, student activities and all other fees (excluding laboratory and library fees) collected from students, to repay the principal and interest of revenue bonds. A total of $129,902,231 of future revenues is pledged through 2033. Debt service to pledged revenues for the current year is 5.651%.

CERTIFICATES OF PARTICIPATION PAYABLE

On June 4, 2008, $22,230,000 in Certificates of Participation were issued. The Series 2008 Certificates of Participation mature beginning April 1, 2010, continuing through April 1, 2028. These Certificates of Participation bear interest from 3.00% to 4.50%. Interest is payable on April 1 and October 1 of each year, commencing October 1, 2008.

On May 17, 2011, $15,000,000 in Certificates of Participation were issued. The Series 2011 Certificates of Participation mature beginning April 1, 2012, continuing through April 1, 2032. These Certificates of Participation bear interest from 4.00% to 5.375%. Interest is payable on April 1 and October 1 of each year, commencing October 1, 2011.

On May 14, 2014, $25,000,000 in Certificates of Participation were issued. The Series 2014 Certificates of Participation consisted of $9,200,000 of Series 2014A-1 Certificates of Participation and $15,800,000 Series 2014A-2 Certificates of Participation. The Series 2014A-1 Certificates of Participation mature beginning April 1, 2015, and continuing through April 1, 2023. The Series 2014A-1 Certificates of Participation bear interest at 2.29%. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2014. The Series 2014A-2 Certificates of Participation mature beginning April 1, 2024, and continuing through April 1, 2034. The Series 2014A-2 Certificates of Participation bear interest from 3.625% to 4.125%. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2014.

Maturities and interest requirements on certificates of participation at June 30, 2015, are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 2,645,000	$ 2,139,455	$ 4,784,455
2017	2,710,000	2,050,242	4,760,242
2018	2,795,000	1,958,600	4,753,600
2019	2,885,000	1,863,729	4,748,729
2020	2,985,000	1,765,600	4,750,600
Sub-total	14,020,000	9,777,626	23,797,626
2021-2025	16,805,000	7,101,969	23,906,969
2026-2030	14,900,000	3,457,621	18,357,621
2031-2034	7,985,000	806,931	8,791,931
Sub-total	53,710,000	$ 21,144,147	$ 74,854,147
Additions (Deductions):			
Unamortized Discounts	(241,688)		
Unamortized Premiums	49,251		
Total	$ 53,517,563		

ACCRUED COMPENSATED ABSENCES

Compensated absences consist of accrued vacation and sick leave. The total for accrued vacation and sick leave for the University is shown below:

	Vacation	Sick	Total
2015	$ 12,448,507	$ 4,008,563	$ 16,457,070
2014	$ 11,696,955	$ 4,421,851	$ 16,118,806

FOUNDATION LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Retirements	Ending Balance
Total				
Beneficiary payments	$ 249,972	$ 56,250	$ (26,139)	$ 280,083
Deferred rent	1,200,000	-	(300,000)	900,000
Contract-for-deed payable	2,900,845	-	(83,915)	2,816,930
Total	$ 4,350,817	$ 56,250	$ (410,054)	$ 3,997,013
Current portion				
Beneficiary payments	$ 25,300			$ 31,300
Deferred rent	300,000			300,000
Contract-for-deed payable	83,916			89,536
Total current portion	$ 409,216			$ 420,836
Noncurrent portion				
Beneficiary payments	$ 224,672			$ 248,783
Deferred rent	900,000			600,000
Contract-for-deed payable	2,816,929			2,727,394
Total noncurrent portion	$ 3,941,601			$ 3,576,177

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

	Beginning Balance	Additions	Retirements	Ending Balance
Total				
Beneficiary payments	$ 220,429	$ 85,066	$ (55,523)	$ 249,972
Deferred rent	1,500,000	-	(300,000)	1,200,000
Contract-for-deed payable	2,979,494	-	(78,649)	2,900,845
Total	$ 4,699,923	$ 85,066	$ (434,172)	$ 4,350,817
Current portion				
Beneficiary payments	$ 22,115			$ 25,300
Deferred rent	300,000			300,000
Contract-for-deed payable	78,648			83,916
Total current portion	$ 400,763			$ 409,216
Noncurrent portion				
Beneficiary payments	$ 198,314			$ 224,672
Deferred rent	1,200,000			900,000
Contract-for-deed payable	2,900,846			2,816,929
Total noncurrent portion	$ 4,299,160			$ 3,941,601

FOUNDATION CONTRACT-FOR-DEED PAYABLE

A contract at June 30, 2015 consisted of a $3,300,000 installment contract-for-deed secured by the Alumni Center building. The contract requires 119 monthly payments of $22,500 at 6.5% interest with a final payment of the remaining outstanding balance.

Maturities and Interest Requirements on the contract payable at June 30, 2015, are as follows:

Year Ending June 30	Principal	Interest	Total
2016	89,536	180,464	270,000
2017	95,532	174,468	270,000
2018	101,930	168,070	270,000
2019	2,529,932	13,704	2,543,636
Total	$ 2,816,930	$ 536,706	$ 3,353,636

Note 10. Leases

CAPITALIZED LEASES

Certain leases in which the Board of Trustees, the governing board of the University, is the lessee are considered to be equivalent to installment purchases for accounting presentation. The assets recorded under these leases have been capitalized at the present value of future lease payments, measured at lease inception date as required by GASB Statement No. 62. Assets under capital lease at June 30, 2015 and 2014, totaled $821,668 and $1,118,619, respectively, net of accumulated depreciation of $1,206,636 and $909,685, respectively.

On March 30, 2011, the University entered into a capital lease agreement in an amount not to exceed $2,410,000 with Banc of America Public CapitalCorp to finance equipment and IT costs for the Mennonite Lab Building.

Maturities on capital leases at June 30, 2015, are as follows:

Year Ending June 30	
2016	521,401
Total minimum lease payments	521,401
Less amount representing interest	13,597
Present value of future minimum lease payments	$ 507,804

OPERATING LEASES

The University has entered into agreements to lease recreational space and office space that the University is treating as operating leases. Rent expense for the years ended June 30, 2015 and 2014 was $1,990,442 and $1,440,277, respectively. The leases expire between May 2015 and June 2020. Following is a schedule of future minimum lease payments.

Year Ending June 30	Building
2016	$ 1,841,626
2017	1,765,614
2018	1,629,622
2019	1,347,876
2020	637,500
Total	$ 7,222,238

In 1990, the Foundation established a Chicago office to provide the University with direct access to Chicago area alumni, corporations and Foundation networks. Lease payments for the Chicago office were $44,071 in 2015 and $73,076 in 2014. The original lease expired in December 2014 and was renewed for an additional five years with the first five months of rent abated per the renewal agreement. Following is a schedule of future minimum lease payments.

Year Ending June 30	Building
2016	$ 80,449
2017	81,953
2018	83,458
2019	84,962
2020	42,857
Total	$ 373,679

The University leases twelve vehicles for the Athletic Department employees at a cost of $43,500 in Fiscal Years 2015 and 2014. The Foundation makes the payments on these leased vehicles. All twelve vehicle leases expire during Fiscal Year 2017. Following is a schedule of future minimum lease payments.

Year Ending June 30	Vehicles
2016	$ 43,500
2017	36,250
Total	$ 79,750

Note 11. Defined Benefit Pension Plan

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 Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

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

Contributions: The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for Fiscal Year 2014 and Fiscal Year 2015 respectively, was 11.91% and 11.71% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% (up to 9.5% for police officers) of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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

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

Net Pension Liability: At June 30, 2015, the State reported a net pension liability (NPL) of $21,790,983,139. The net pension liability was measured as of June 30, 2014.

University's 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 $921,721,819 or 4.2298%. This amount is not recognized in the University's financial statements because of the State's responsibility for the entire net pension liability under the special funding situation. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined based on the June 30, 2013 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during Fiscal Year 2014.

Pension Expense: For the year ended June 30, 2015, the State reported a collective net pension expense of $1,650,338,263.

University's Proportionate Share of Pension Expense: The University's proportionate share of collective pension expense is 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 2014. As a result, the University recognized on-behalf revenue and pension expense of $69,806,524 for the year ended June 30, 2015.

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

State's Collective Deferred Outflows and Deferred Inflows of Resources by Sources

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

University's Deferral of Fiscal Year 2015 Pension Expense: The University paid $651,497 in federal, trust or grant contributions for the year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as Deferred Outflows of Resources as of June 30, 2015.

Assumptions and Other Inputs

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

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

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

Sensitivity of the State's Net Pension Liability to Changes in the Discount Rate: Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the State'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 one percentage-point lower or one percentage-point higher:

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

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

Note 12. Post-employment Benefits

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

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

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

Note 13. Transactions with Related Organizations

The Foundation is a related organization formed to support in various ways the University's instructional, research and public service missions. The University and the Foundation entered into a three year Support Agreement effective July 1, 2012, whereby the University agrees to provide to the Foundation fair and reasonable compensation in exchange for development and fundraising services up to a maximum value of $2,444,940 during the third year of the agreement. In additional consideration for these services, the University provided office space, clerical, accounting and computer support estimated to be $2,390,524 and $2,291,329 during Fiscal Years 2015 and 2014, respectively. During Fiscal Years 2015 and 2014, the Foundation contributed services and expenditures of $9,216,771 and $8,319,878, respectively, that were for the direct and/or indirect support of the University.

In June 2007, Launching Futures II, LLC invested in real estate for $600,631 for use by the University as a remote parking lot. Concurrently, Launching Futures II, LLC signed a lease agreement with the University for the real estate providing for annual payments of $49,992 from the University to Launching Futures II, LLC. The lease had a five year term that the University renewed for an additional five years during May 2013.

In Fiscal Year 2009, Launching Futures, LLC acquired real estate for approximately $6.3 million that was being leased by the University from an outside party. Once the sales contract was signed, the University continued to lease the property from the seller until the initial closing. The acquired real estate serves as the University’s Alumni Center. To assist with construction improvement costs, the University made a $3 million prepaid rent payment in July 2008. Launching Futures, LLC leases the property to the University at $19,167 per month. Also, the University and Foundation are amortizing the $3 million prepaid rent over a ten-year period at $300,000 per year.

Note 14. Student Health Insurance

The University contracts with Aetna Student Health (ASH) formerly known as The Chickering Group, an Aetna Company of Burlington, Massachusetts for administration of the Aetna Student Health Insurance Plan to provide insurance benefits to students of the University. Students enrolled in nine or more semester hours of credit pay a premium for this coverage. As part of the contractual agreement between the University and ASH, the University has a premium stabilization reserve (PSR) which is used to minimize future plan year increases in the premium based on unexpectedly high claims utilization. As each Plan Year is finalized, costs are debited (gains are credited) to an account funded by the University each year (15% of expected premium at the initial deposit, but adjusted to 15% of actual premium upon reconciliation). The reserve for 2012-2013 of $884,856 will become available upon final calculation in October 2015. The entire reserve of $884,856 plus experience surplus currently estimated at $1,259,911 will be distributed as follows: a) $1,136,222 will be rolled over to complete funding for 2015-2016, and b) the remainder will be available to the University. Potential refunds are still at risk for unexpected claims losses, they are not recorded as assets. Assuming a 10% trend, no plan design changes, and no change in enrollment, the University estimates $1,500,000 to be needed to fund Fiscal Year 2017.

Note 15. Student Financial Assistance

The University participates in the U.S. Department of Education's Direct Student Loan Program. The University awarded $116,144,105 and $114,407,498 in Direct Student Loans for the years ended June 30, 2015 and 2014, respectively. The University classified this loan program as noncash federal awards, and it is disclosed in the footnotes to the Office of Management and Budget (OMB) Circular A-133 Schedule of Expenditures of Federal Awards. Accordingly, no revenue or expenditures are included in the financial statements of the University.

Note 16. Risk-Management

The University is exposed to various loss related exposures. These exposures include torts, theft, damages and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University purchases various commercial insurance policies for these loss exposures. During the years ended June 30, 2015 and 2014, there were no significant reductions in coverage. In addition, the University expanded their property insurance policy to include in-depth fine arts coverage and separately purchased additional professional liability insurance.

As a public University in the State of Illinois, the University enjoys certain statutory protections from liability through the Court of Claims Act (705 ILCS 505) and the State Employee Indemnification Act (5 ILCS 350). In addition, the University purchases liability insurance that covers related claims subject to a $350,000 self-insured retention. The educator's legal liability policy has aggregate and occurrence limits of $5,000,000. The general liability insurance policy has a per occurrence limit of $10,650,000 and an aggregate of $19,650,000.

To augment existing State and commercial coverage, and to assist in addressing potential risks and liabilities incurred through its operations, the University is self-funded. In accordance with the requirement of GASB Statement No. 10, a liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. At June 30, 2015 and 2014 the liability was $0. There were no settlements which exceeded insurance coverage for the last three years.

Note 17. Net Position

UNIVERSITY NET POSITION

University restricted net position is comprised of the following at June 30, 2015 and 2014:

	2015	2014
Expendable Student Loans	$ 9,545,309	$ 9,539,186

The University's Board of Trustees designated unrestricted net position is comprised of the following at June 30, 2015 and 2014:

	2015	2014
Capital asset renewal and replacement for the internal service departments	$ 260,138	$ 258,791
Self-Insurance	1,118,491	1,118,491
Total	$ 1,378,629	$ 1,377,282

FOUNDATION NET POSITION

The Foundation's restricted net position is comprised of the following at June 30, 2015 and 2014:

	2015	2014
Nonexpendable		
Scholarship and fellowship	$ 45,402,064	$ 43,287,632
College and academic department support	14,690,025	14,425,878
Faculty and staff compensation	5,270,325	5,210,795
Other	5,196,021	5,170,091
Total nonexpendable	$ 70,558,435	$ 68,094,396

	2015	2014
Expendable		
Scholarship and fellowship	$ 31,959,580	$ 30,691,790
Instructional and departmental uses	12,972,519	12,654,576
University capital projects	2,650,667	2,795,429
Other restricted expendable	4,528,992	4,737,447
Total expendable	$ 52,111,758	$ 50,879,242

Note 18. Foundation Donor Restricted Endowments

The Foundation follows the State's Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA eliminated the historic dollar value rule with respect to endowment fund spending. UPMIFA also updated the prudence standards for the management and investment of charitable funds. In accordance with UPMIFA, the Foundation Board considers the factors in Sections 3(e)(1) and 4(a) of the UPMIFA in determining the investment, management and disbursement of endowment funds.

UPMIFA permits the Foundation to authorize expenditures from available endowment funds' earnings and/or principal, unless the fund's donor has specified otherwise. In concert with UPMIFA standards, the Foundation Investment Committee has adopted a "weighted average" endowment spending distribution formula based on the sum of the following two components:

1. The prior year's spending distribution, plus 4.5% of the value of new gifts; the sum of which is adjusted by the most recently calculated annual Higher Education Price Index, then weighted at 70%.

2. The year-end market value times 4.5% then weighted at 30%.

A fundraising fee of 1.3% in Fiscal Year 2015 and 1.2% in Fiscal Year 2014, of the year-end market value, is assessed from each endowed fund's annual distribution (as calculated above) to help support Foundation's fundraising and general operations.

On July 1, 2014, a total of $3,705,872 was distributed to endowed funds' expendable balances and fundraising fees of $1,245,261 were distributed to the Foundation budget. On July 1, 2013, a total of $3,330,205 was distributed to endowed funds' expendable balances and fundraising fees of $979,907 were distributed to the Foundation budget.

Note 19. Commitments

The University has entered into contracts for significant repairs and replacement of University capital assets. Total estimated costs under these contracts are $3,718,244; approximately $1,501,099 (40.37 percent) of the work has been completed as of June 30, 2015. The University is obligated to pay the remainder of the costs under the contracts as the work is completed.

The University has secured natural gas and electricity at a fixed price for Fiscal Years 2016, 2017 and 2018 by executing forward fixed price purchase contracts with IMGA and MidAmerican Energy. As of June 30, 2015, the University's commitment to these contracts is approximately $6,545,535 for natural gas and $14,284,820 for electricity. These are considered normal purchase contracts.

On August 20, 2014, the University purchased properties at 609 W. College and 200 & 202 Kingsley in Normal for $642,202. An estimated $100,000 will be spent on site improvements.

On July 9, 2012, the University contracted for the purchase of 210 & 212 North Main not to exceed $750,000 plus reasonable closing and related costs including a relocation allowance of up to $25,000. The University purchased the properties in November 2013 and took possession on September 19, 2014, at which time the relocation allowance of $24,000 was paid.

In February 2014, the University's Board of Trustees approved the demolition of South Campus and Rambo House. The estimated cost of the project is $6,750,000, including $1,740,000 for asbestos abatement, which has been recognized as a liability in the financial statements.

The University's Board of Trustees approved a land swap with the Town of Normal on July 24, 2015. The Normal City Council approved the agreement on August 3, 2015. According to the terms of the agreement, the town will obtain University-owned property on Main Street and the University will receive three town-owned properties: 604 N. Adelaide Street; a 33-space parking lot on the south side of Beaufort and School streets; and a parcel on Sudduth Road. In addition, the town will contract to purchase a 12-room apartment building at 404 W. Locust St. and transfer the property to the University after the closing which is scheduled for the summer of 2017. The University will contribute $150,000 toward the purchase.

The Foundation has invested in various limited partnerships. According to the terms of the investment agreements, the Foundation has committed to invest $37,896,457 and $36,376,457 as of June 30, 2015 and 2014, respectively. As of June 30, 2015 and 2014, the Foundation had invested $19,821,338 and $18,809,641, respectively and has future investment commitments of $18,075,119 and $17,566,816, respectively.

Note 20. Contingencies

The University is, from time to time, subject to various claims, legal actions and inquiries related to compliance with environmental and other governmental laws and regulations. Although it is difficult to quantify the potential impact of these claims, management believes that the ultimate cost of these matters will not adversely affect the University's future financial condition or results of operations.

Accordingly, management does not believe that a reserve of the future effect, if any, of these matters on the financial condition or results of operations of the University is necessary at June 30, 2015, as it is not possible to determine with any degree of probability the level of future expenditures for these matters.

Note 21. Crosswalk of Natural Classification with Functional Classifications

Natural Classification for the Year Ended June 30, 2015

University	Compensation and Benefits	Supplies and Services	Scholarships	Depreciation	Total
Instruction	$ 100,709,191	$ 17,102,519	$ -	$ -	$ 117,811,710
Research	11,132,328	4,566,733	-	-	15,699,061
Public Service	5,384,917	7,605,788	-	-	12,990,705
Academic Support	17,349,185	2,972,499	-	-	20,321,684
Student Services	20,402,253	22,365,604	-	-	42,767,857
Institutional Support	21,899,607	15,107,229	-	-	37,006,836
Operation of Plant	9,809,917	20,820,626	-	-	30,630,543
Depreciation	-	-	-	24,315,688	24,315,688
Staff Benefits	2,679,808	-	58,703	-	2,738,511
Student Aid	-	-	52,129,985	-	52,129,985
Payments on Behalf	136,085,524	-	-	-	136,085,524
Auxiliary Facilities	24,758,002	29,215,224	-	-	53,973,226
Other	1,530,558	37,022	-	-	1,567,580
Total University	$ 351,741,290	$ 119,793,244	$ 52,188,688	$ 24,315,688	$ 548,038,910

Natural Classification for the Year Ended June 30, 2014

University	Compensation and Benefits	Supplies and Services	Scholarships	Depreciation	Total
Instruction	$ 98,279,701	$ 15,029,742	$ -	$ -	$ 113,309,443
Research	10,831,531	3,935,215	-	-	14,766,746
Public Service	5,705,142	8,505,134	-	-	14,210,276
Academic Support	17,344,315	2,598,235	-	-	19,942,550
Student Services	19,156,010	19,601,514	-	-	38,757,524
Institutional Support	21,128,985	14,324,426	-	-	35,453,411
Operation of Plant	13,741,564	34,986,676	-	-	48,728,240
Depreciation	-	-	-	24,529,019	24,529,019
Staff Benefits	1,702,358	-	54,067	-	1,756,425
Student Aid	-	9,056,658	38,059,485	-	47,116,143
Payments on Behalf	127,236,673	-	-	-	127,236,673
Auxiliary Facilities	23,450,820	33,194,294	-	-	56,645,114
Other	1,773,387	46,048	-	-	1,819,435
Total University	$ 340,350,486	$ 141,277,942	$ 38,113,552	$ 24,529,019	$ 544,270,999

Note 22. Additional Auxiliary Facilities System Disclosure Information

The University operates auxiliary facilities that include student housing, student activities and parking.

Following are condensed financial statements for the Auxiliary Facilities System:

Condensed Statements of Net Position at June 30	2015	2014
Assets:		
Current assets	$ 40,399,528	$ 28,010,006
Noncurrent assets:		
Capital assets, net	209,060,400	214,852,337
Other noncurrent assets	91,422,437	85,438,234
Total assets	340,882,365	328,300,577
Liabilities:		
Current liabilities	13,212,401	14,138,115
Noncurrent liabilities	85,747,052	92,340,213
Total liabilities	98,959,453	106,478,328
Net position:		
Invested in capital assets, net of related debt	117,675,021	116,867,704
Unrestricted	124,247,891	104,954,545
Total net position	$ 241,922,912	$ 221,822,249

Condensed Statements of Revenues, Expenses and Changes in Net Position for the year ended at June 30	2015	2014
Operating revenues	$ 84,668,594	$ 83,179,349
Depreciation expense	(8,117,831)	(8,235,163)
Other operating expenses	(53,973,227)	(56,645,115)
Operating income	22,577,536	18,299,071
Non-operating revenues	1,780,733	1,756,898
Non-operating expenses	(4,257,606)	(4,244,972)
Increase in net position	20,100,663	15,810,997
Net position - beginning of year	221,822,249	206,011,252
Net position - end of year	$ 241,922,912	$ 221,822,249

Condensed Statements of Cash Flows for the year ended June 30	2015	2014
Net cash flows provided by operating activities	$ 30,821,436	$ 26,387,829
Net cash flows provided by non-capital financing activities	330,762	237,130
Net cash flows used in capital and related financing activities	(12,362,200)	(18,297,892)
Net cash flows provided by (used in) investing activities	(20,608,317)	(16,116,473)
Net increase in cash and cash equivalents	(1,818,319)	(7,789,406)
Cash and cash equivalents, beginning of year	3,170,408	10,959,814
Cash and cash equivalents, end of year	$ 1,352,089	$ 3,170,408

Following is additional disclosure information relating to University Auxiliary Facilities revenue bonds. S*ee Note 9*

RESERVES FOR DEBT SERVICE, REPAIR AND REPLACEMENT, AND DEVELOPMENT

Debt Service

A portion of the Debt Service Reserve Account (DSRA) that was established under the terms of the Revenue Bond Series 1996 indentures was used to purchase a Surety Bond. This Surety Bond constitutes a Reserve Account Credit Instrument under the requirements of the Bond Resolution. The Surety Bond is payable to the Bond Registrar. The proceeds of the Surety Bond held in the DSRA may be used solely for the purpose of paying principal and interest on the Series 1996 Bonds and any outstanding Parity Bonds.

Repair and Replacement and Development

The bond indentures also require a deposit be made in the Repair and Replacement Reserve Account. The sum of the deposit shall be greater than 10% of the Maximum Debt Service and shall not exceed the sum of 5% of the replacement cost of the auxiliary facilities' structures plus 20% of the replacement cost of their equipment plus 10% of either the historical cost of the parking lots or 100% of the estimated cost of resurfacing any existing auxiliary facilities' parking lot.

	2015	2014
	Repair and Replacement Reserve	Repair and Replacement Reserve
Maximum Allowable Deposits at June 30	$ 39,149,988	$ 38,661,318
Assets Reserved	12,751,436	13,463,430

Note 23. Subsequent Events

As of June 30, 2015, the University had one collective-bargaining agreement covering various union-represented employees which was expired.

Although the State of Illinois has not acted on an appropriation bill to fund higher education, the University has developed contingency plan to manage reductions of its Fiscal Year 2016 appropriations. On October 23, 2015, the University's Board of Trustees approved a Fiscal Year 2016 Budget for Operations in an amount not to exceed $422,246,900. This is reflective of a $7.4 million (10%) reduction in Fiscal Year 2016 State appropriations compared to the prior year original appropriation.

The bonded debt will still be due even if appropriations are not received. The University continues to monitor cash flow and make investment decisions accordingly. The University also experienced record freshman attendance this year as well as maintaining strong student retention. Furthermore, as of October 27, 2015 Moody's Investor Service reaffirmed the University's bond rating of A3 negative.

Effective September 30, 2015, the Federal Government discontinued the Perkins Loan Program. The University still maintains accounts receivables related to this program at June 30, 2015, as a result all receivables have been reclassified to current.

The University is not aware of any additional facts, decisions or conditions that might be expected to have a significant effect on the financial position or results of operations during this and future fiscal years.

Schedule of the University's Proportionate Share of the Net Pension Liability	FY 2015
University's Proportion Percentage of the Collective Net Pension Liability	0%
(a) University's Proportion Amount of the Collection Net Pension Liability	$0
(b) State's Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	$921,721,819
Total (b) + (c)	$921,721,819
University's Covered – employee payroll	$223,816,042
University's proportionate share of the net pension liability	411.9%
Fiduciary Plan Net Position as a Percentage of Total Pension Liability	44.39%

Schedule of the University's Contributions	FY 2015
Federal, Trust, Grant and Other contribution	$651,497
Contribution in relation to required contribution	$651,497
Contribution deficiency (excess)	$0
University Covered-employee payroll	6,956,613
Contributions as a percentage of covered – employee payroll	9.4%

Notes to the Required Supplementary Information

This schedule is presented to illustrate the requirements of GASB 68 to show information for 10 years. However, until a full 10-year trend is compiled, the University will present only available information measured in accordance with the requirements of GASB 68.

Changes of benefit terms: There were no benefit changes recognized in the Total Pension Liability as of June 30, 2015.

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