

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
FINANCIAL AUDIT
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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



CliftonLarsonAllen

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The University's Compliance Examination (including the Single Audit) for the year ended June 30, 2015, which includes the report of the independent auditor, Schedule of Findings and Questioned Costs, and Supplementary Information for State Compliance Purposes, will be issued at a later date under a separate cover.

In accordance with Government Auditing Standards, we have also issued a report under a separate cover, entitled Report Required Under Government Auditing Standards for the Year Ended June 30, 2015, on our consideration of Eastern Illinois University's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of the audit.

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
UNIVERSITY OFFICIALS
FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2015

UNIVERSITY OFFICIALS

President (to May 31, 2015)	Dr. William L. Perry
President (from June 1, 2015)	Dr. David M. Glassman
Provost and Vice President for Academic Affairs	Dr. Blair M. Lord
Interim Vice President for Business Affairs	Mr. Paul A. McCann
Vice President for Student Affairs	Dr. Daniel P. Nadler
Vice President for University Advancement	Mr. Robert K. Martin
Interim Director of Business Services and Treasurer	Ms. Linda Holloway
General Counsel	Mr. Robert L. Miller
Interim Director of Internal Auditing (to July 31, 2014)	Ms. Rebecca Litton
Interim Director of Internal Auditing (from August 1, 2014)	Ms. Leigh C. Moon

BOARD OF TRUSTEES (as of June 30, 2015)

Chairperson	Mr. Rene M. Hutchinson
Vice Chairperson	Dr. Robert D. Webb
Secretary	Dr. Jan Spivey Gilchrist
Member	Mr. Timothy Burke
Member	Mr. Joseph R. Dively
Member	Mr. Kristopher Goetz
Member	Mr. Roger L. Kratochvil
Student Member	Ms. Catie Witt

University offices are located at:

600 Lincoln Avenue
Charleston, Illinois 61920

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
FINANCIAL STATEMENT REPORT SUMMARY
For the Years Ended June 30, 2015 and 2014

SUMMARY

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

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

EXIT CONFERENCE

The University waived an exit conference in correspondence dated December 22, 2015.

Independent Auditor's Report

Honorable William G. Holland
Auditor General
State of Illinois

and

Board of Trustees
Eastern Illinois University

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Eastern Illinois University and its aggregate discretely presented component units, as of June 30, 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 Matters

During fiscal year ended June 30, 2015, the University adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. As a result of the implementation of these standards, the University reported a restatement for the change in accounting principle. See Note 1. Our auditor's opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 to 15 and pension information on pages 53 and 54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastern Illinois University's basic financial statements. The Unaudited Data Required by Revenue Bond Resolutions is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Unaudited Data Required by Revenue Bond Resolutions has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

Restricted Use Related to the Other Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015, on our consideration of Eastern Illinois University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Illinois University's internal control over financial reporting and compliance.



Peoria, Illinois
December 17, 2015

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

This section of the Eastern Illinois University (the University) annual financial report presents management's discussion and analysis (MD&A) of the financial performance of the University during the fiscal years ended June 30, 2015 and 2014 with comparative information for the year ended June 30, 2013. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes and this discussion are the responsibility of the University's management.

Reporting Entity

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

The University is a comprehensive, regional service institution located in Charleston, Illinois on approximately 320 acres. The University consists of 73 buildings, including 12 residence halls and 17 apartment buildings. The University enrolls approximately 8,900 students and employs approximately 1,750 faculty and staff. The University is primarily an undergraduate institution. Originally established in 1895 as a teachers' college, today the University encompasses four colleges and a graduate school. Undergraduate degrees are offered through the College of Arts and Humanities, the Lumpkin College of Business and Applied Sciences (which includes the School of Family and Consumer Sciences and the School of Technology), the College of Sciences, and the College of Education and Professional Studies. Master degrees, and in some cases specialist degrees, are offered at the graduate level in each of the colleges. In addition to its on-campus programs, the University maintains a strong continuing education program.

Using the Annual Report

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

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

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the fiscal year. Revenues and expenses are reported as either operating or nonoperating. Under the current reporting model, a significant portion of the University's revenue is considered nonoperating. State appropriations of \$42,923,858 and \$44,083,100, respectively, and payments on behalf of the University of \$69,150,918 and \$66,343,635, respectively, are reported as nonoperating revenues and results in the University showing operating losses of \$140,117,539 and \$134,941,253 for the years ended June 30, 2015 and 2014, respectively.

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

Financial Highlights

During the year ended June 30, 2015, the University's net position increased by approximately \$1.5 million to \$233.1 million. This increase was primarily due to increases in the University's endowment and additions to the University's fixed assets. During the year ended June 30, 2014, the University's net position increased by approximately \$1.1 million to \$231.6 million.

During fiscal year 2014, the University implemented GASB No. 65, which required that most bond issuance costs be expensed and that gains or losses due to bond refundings be considered a deferred outflow of resources.

During fiscal year 2015, the University implemented GASB Nos. 68 and 71, which caused the University to defer its fiscal year 2015 pension contributions as a deferred outflow of resources. The University's on-behalf revenues and expenses are also provided on an accrual basis. The University did not recognize a net pension liability due to a special funding mechanism where the State of Illinois provides for most of the University's pension contributions. Due to limited information, the University was unable to restate years prior to fiscal year 2015.

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

Statement of Net Position

Condensed Statement of Net Position, as of June 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets			
Current assets	\$ 62,373,164	\$ 70,559,191	\$ 77,078,626
Noncurrent assets			
Capital	295,410,246	296,551,671	297,837,166
Other	11,066,816	7,675,041	6,765,631
Total noncurrent assets	<u>306,477,062</u>	<u>304,226,712</u>	<u>304,602,797</u>
Total assets	<u>\$ 368,850,226</u>	<u>\$ 374,785,903</u>	<u>\$ 381,681,423</u>
Deferred outflows of resources	<u>\$ 230,767</u>	<u>\$ 231,925</u>	<u>\$ 353,264</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 369,080,993</u>	<u>\$ 375,017,828</u>	<u>\$ 382,034,687</u>
Liabilities			
Current liabilities	\$ 25,526,557	\$ 25,433,256	\$ 25,185,071
Noncurrent liabilities	110,457,580	117,992,970	126,329,027
Total liabilities	<u>\$ 135,984,137</u>	<u>\$ 143,426,226</u>	<u>\$ 151,514,098</u>
Net Position			
Net investment in capital assets	\$ 194,513,156	\$ 189,218,968	\$ 183,892,303
Restricted			
Nonexpendable	5,123,237	1,504,337	1,387,446
Expendable	7,333,767	6,292,748	6,374,299
Unrestricted	26,126,696	34,575,549	38,866,541
Total net position	<u>\$ 233,096,856</u>	<u>\$ 231,591,602</u>	<u>\$ 230,520,589</u>

University assets totaled nearly \$368.9 and \$374.8 million at June 30, 2015 and 2014, respectively. The largest asset of the University is its net investment in land, buildings, and equipment which totaled approximately \$295.4 and \$296.6 million at June 30, 2015 and 2014, respectively.

University liabilities totaled approximately \$136.0 and \$143.4 million at June 30, 2015 and 2014, respectively. Long-term debt of approximately \$120.0 and \$127.2 million at June 30, 2015 and 2014, respectively, is the largest portion of the liability. Long-term liabilities consisted of bonds payable, certificates of participation, accrued compensated absences, housing and registration deposits, and the University's obligation to refund certain amounts under federal loan programs.

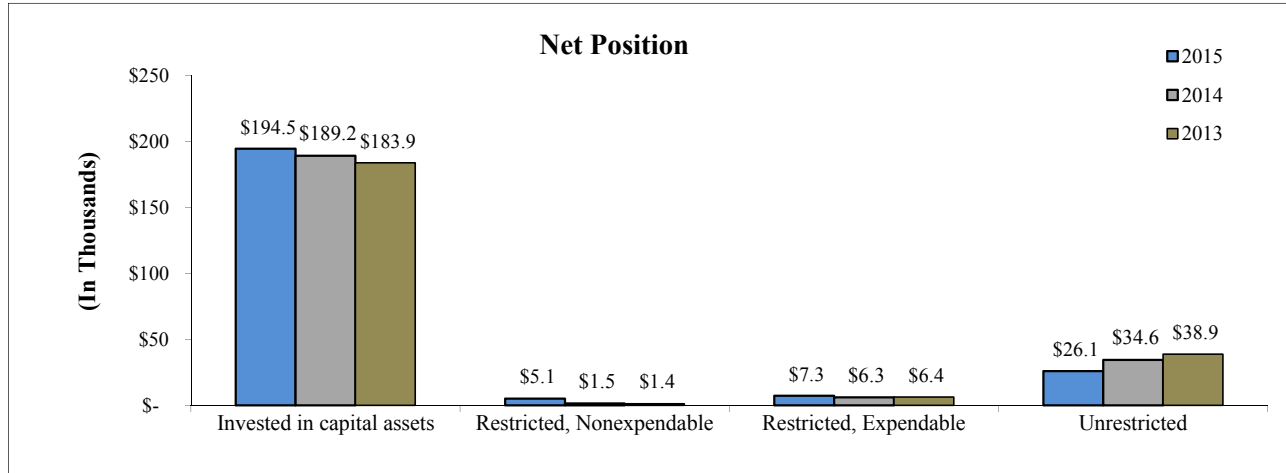
The University's current assets of approximately \$62.4 and \$70.6 million for June 30, 2015 and 2014, respectively, were sufficient to cover the current liabilities of approximately \$25.5 and \$25.4 million for June 30, 2015 and 2014, respectively. The current ratio of current assets to current liabilities was \$2.44 and \$2.77 in current assets for every \$1 in current liabilities at June 30, 2015 and 2014, respectively.

As stated more fully in Note 1, the University implemented GASB Statement 65 during fiscal year 2014. This Statement requires that the University restate its financial statements to exclude most bond issuance costs for the earliest fiscal year presented.

As stated more fully in Note 1, the University implemented GASB Statements 68 and 71 during fiscal year 2015. These Statements require additional disclosures about the pension system that the University participates in, the State Universities Retirement System of Illinois, and defers approximately \$120 thousand of pension expense paid by certain grants during fiscal year 2015.

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

The following graph shows net position by classification and restriction:



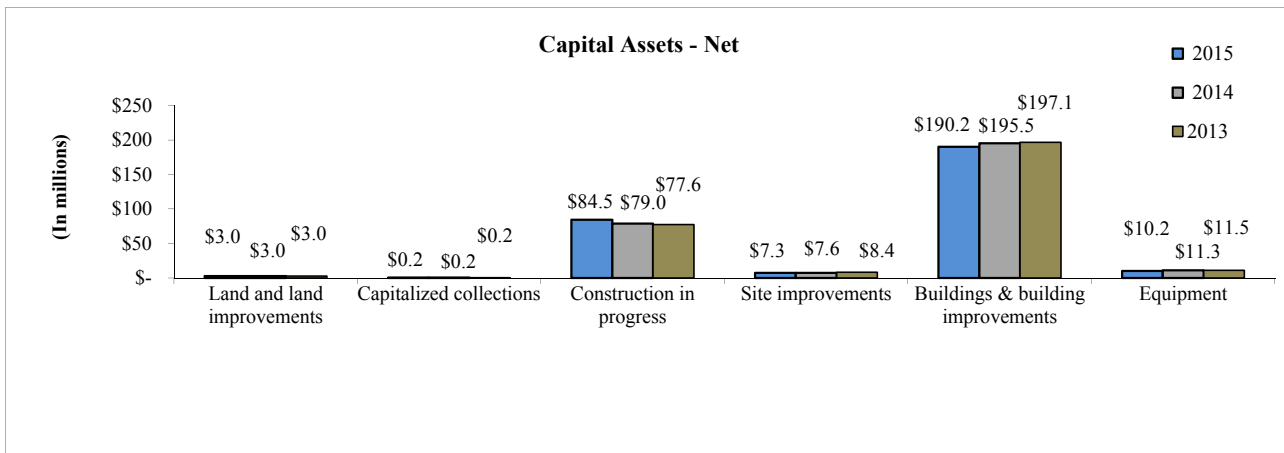
Capital Assets and Related Financing Activities

The Eastern Illinois University facilities include 72 buildings totaling about 3 million gross square feet. Funding from state, private, borrowed, and internal sources are used to accomplish the capital objectives of the University.

The University continues to expand and renovate its campus facilities. University capital additions totaled approximately \$15.1 and \$15.0 million for fiscal years 2015 and 2014, respectively. This includes continuing energy savings projects, renovations to our Physical Sciences building, residence halls, and other buildings, and other campus improvements.

The University had approximately \$15.5 and \$19.9 million of bonded debt outstanding and \$88.3 and \$90.4 million of certificates of participation outstanding at June 30, 2015 and 2014, respectively. For more information concerning capital assets, construction in progress, bonds payable, lease obligations, and COPS payable, see Notes 6, 7, 10, 11, 12, and 13.

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



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 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

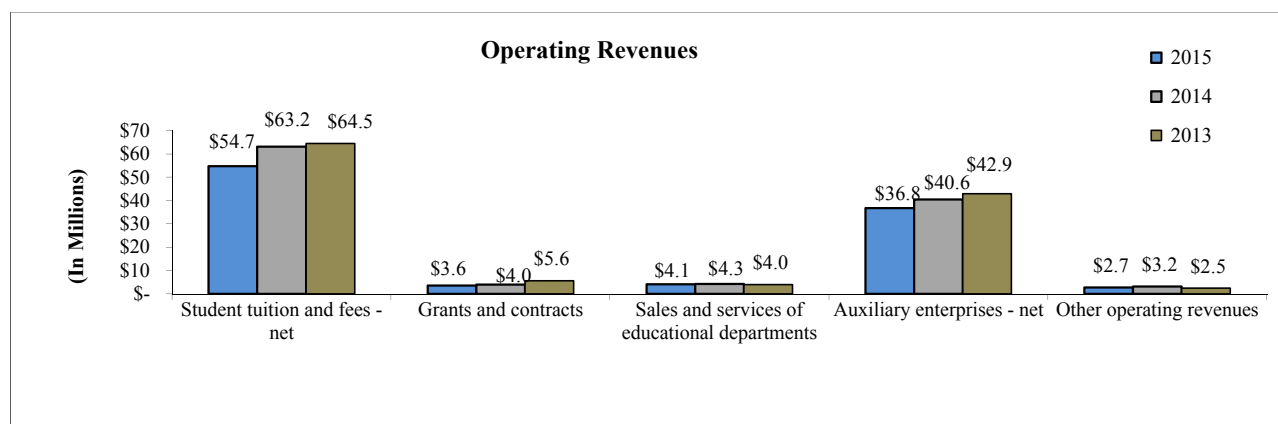
Statement of Revenues, Expenses and Changes in Net Position

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

	2015	2014	2013
Operating revenues			
Tuition and fees, net	\$ 54,735,045	\$ 63,167,723	\$ 64,533,233
Grants and contracts	3,573,892	4,028,459	5,627,109
Auxiliary enterprises	36,783,016	40,552,326	42,922,305
Other operating revenues	6,878,107	7,459,561	6,555,446
Total operating revenues	101,970,060	115,208,069	119,638,093
Operating expenses	242,087,599	250,149,322	259,021,386
Operating income (loss)	(140,117,539)	(134,941,253)	(139,383,293)
Nonoperating revenues (net of expenses)			
State appropriations	42,923,858	44,083,100	44,051,100
Payments on behalf of the University	69,150,918	66,343,635	71,496,939
Other net nonoperating revenues (expenses)	24,214,631	24,928,755	26,308,718
Net nonoperating revenues and expenses	136,289,407	135,355,490	141,856,757
Income before capital contributions	(3,828,132)	414,237	2,473,464
Capital appropriations	514,755	442,478	594,682
Assets donated by other State agencies	958,332	59,298	1,025,328
Other revenues and expense	3,720,666	155,000	150,000
Total increase in net assets	1,365,621	1,071,013	4,243,474
Net position-beginning of year	231,591,602	230,520,589	226,277,115
Effect of Adoption of GASB 68/71	139,633	-	-
Net position-end of year	\$ 233,096,856	\$ 231,591,602	\$ 230,520,589

Operating Revenues

Total operating revenues for fiscal years 2015 and 2014 totaled \$102.0 and \$115.2 million, respectively. The most significant sources of operating revenues were tuition and fees, grants and contracts, and auxiliary services as shown in the graph below:



State appropriations increased slightly by approximately \$32 thousand from fiscal year 2013 to fiscal year 2014. In fiscal year 2014, the State appropriation was \$44.1 million. During fiscal year 2015, the State rescinded 2.25% of the University's appropriation, leaving the fiscal year 2015 appropriation at \$42.9 million.

Other non-operating revenues of \$24.2 and \$24.9 million in fiscal years 2015 and 2014, respectively, were primarily due to federal

STATE OF ILLINOIS
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 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

Pell grants and State MAP grants.

During fiscal year 2005, the "Truth in Tuition" regulations took effect (a first time attendee is guaranteed the same tuition rate for four years as long as they are undergraduates). For fiscal year 2014, tuition was increased 1.4% over fiscal year 2013. Tuition and student fees were not increased for fiscal year 2015. Decreases in enrollment caused net tuition and fee revenue to decrease between fiscal years 2013 and 2015.

Tuition and Fees

The University's tuition and fees have consistently been one of the lowest out of the nine State universities in Illinois. It is currently only one of two public universities to continue to offer textbook rental as a service to students, rather than requiring students to spend hundreds of dollars for textbooks each year. The following explains the rates for tuition and fees for a student attending 12 or more hours during the Fall and Spring semesters of fiscal years 2015 through 2013.

Full-time Undergraduates	2015	2014	2013
In-State			
Continuing Non-Guaranteed	\$269.00/hour + \$1,104.00 fees/semester	\$269.00/hour + \$1,034.97 fees/semester	\$239.00/hour + \$1,025.88 fees/semester
New Students FY09	\$218.00/hour + \$1,230.96 fees/semester	\$218.00/hour + \$1,230.93 fees/semester	\$218.00/hour + \$1,191.84 fees/semester
New Students FY10	\$239.00/hour + \$1,230.96 fees/semester	\$239.00/hour + \$1,230.93 fees/semester	\$239.00/hour + \$1,191.84 fees/semester
New Students FY11	\$254.00/hour + \$1,230.96 fees/semester	\$254.00/hour + \$1,230.93 fees/semester	\$254.00/hour + \$1,191.84 fees/semester
New Students FY12	\$269.00/hour + \$1,230.96 fees/semester	\$269.00/hour + \$1,230.93 fees/semester	\$269.00/hour + \$1,191.84 fees/semester
New Students FY13	\$279.00/hour + \$1,230.96 fees/semester	\$279.00/hour + \$1,230.93 fees/semester	\$279.00/hour + \$1,191.84 fees/semester
New Students FY14	\$283.00/hour + \$1,230.96 fees/semester	\$283.00/hour + \$1,230.93 fees/semester	
New Students FY15	\$283.00/hour + \$1,230.96 fees/semester		
Out-of-State			
Continuing Non-Guaranteed	\$780.00/hour + \$1,104.00 fees/semester	\$780.00/hour + \$1,034.97 fees/semester	\$717.00/hour + \$1,025.88 fees/semester
New Students FY09	\$654.00/hour + \$1,230.96 fees/semester	\$654.00/hour + \$1,230.93 fees/semester	\$654.00/hour + \$1,191.84 fees/semester
New Students FY10	\$717.00/hour + \$1,230.96 fees/semester	\$717.00/hour + \$1,230.93 fees/semester	\$717.00/hour + \$1,191.84 fees/semester

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>	<u>2013</u>
New Students FY11	\$762.00/hour + \$1,230.96 fees/semester	\$762.00/hour + \$1,230.93 fees/semester	\$762.00/hour + \$1,191.84 fees/semester
New Students FY12	\$807.00/hour + \$1,230.96 fees/semester	\$807.00/hour + \$1,230.93 fees/semester	\$807.00/hour + \$1,191.84 fees/semester
New Students FY13	\$837.00/hour + \$1,230.96 fees/semester	\$837.00/hour + \$1,230.93 fees/semester	\$837.00/hour + \$1,191.84 fees/semester
New Students FY14	\$849.00/hour + \$1,230.96 fees/semester	\$849.00/hour + \$1,230.93 fees/semester	
New Students FY15	\$849.00/hour + \$1,230.96 fees/semester		
Full-time Graduates			
In-State and entered prior to fall 2007 semester	\$283.00/hour + \$1,107.00 fees/semester	\$283.00/hour + \$1,037.97 fees/semester	\$279.00/hour + \$1,028.88 fees/semester
In-State and entered in fall 2007 semester or after	\$283.00/hour + \$1,233.96 fees/semester	\$283.00/hour + \$1,233.93 fees/semester	\$279.00/hour + \$1,194.84 fees/semester
Out-of-State and entered prior to fall 2007 semester	\$679.00/hour + \$1,107.00 fees/semester	\$679.00/hour + \$1,037.97 fees/semester	\$670.00/hour + \$1,028.88 fees/semester
Out-of-State and entered in fall 2007 semester or after	\$679.00/hour + \$1,233.96 fees/semester	\$679.00/hour + \$1,233.93 fees/semester	\$670.00/hour + \$1,194.84 fees/semester

Room and Board

The University currently has 12 traditional residence halls and a village of fraternity and sorority residences ("Greek Court"), with a capacity of approximately 4,700 students. In addition, there are 154 married and graduate student apartments ("University Apartments") and 146 undergraduate apartment units in 11 buildings ("University Court"). For Fall 2014 and 2013, respectively, the residence halls were about 55% and 61% occupied, the University Apartments were about 66% and 92% occupied, and University Court was 97% and 95% occupied.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
University Apartments			
Efficiency	\$478/month	\$478/month	\$464/month
One bedroom	\$503/month	\$503/month	\$488/month
Super efficiency	\$448/month	\$448/month	\$435/month
University Court	Rates vary from \$2,412 to \$3,225 per semester	Rates vary from \$2,412 to \$3,225 per semester	Rates vary from \$2,412 to \$3,225 per semester

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Residence Halls			
7 Plus Meal Plan	\$4,150/semester	\$4,150/semester	\$4,069/semester
10 Plus Meal Plan	\$4,335/semester	\$4,335/semester	\$4,250/semester
12 Plus Meal Plan	\$4,498/semester	\$4,498/semester	\$4,410/semester
15 Plus Meal Plan	\$4,679/semester	\$4,679/semester	\$4,587/semester

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

Operating Expenses

Due to the implementation of GASB Statement Nos. 68 and 71 during fiscal year 2015, the operating expenses are not comparable due to the timing of pension expenses in relation to the pension liability measurement date. Additionally, the expense for retirement contributions paid by the State of Illinois has been calculated in a different manner.

GASB Statement No. 35 gives the reporting entities the choice of reporting expenses in functional or natural classifications. The University chose to report the expenses in their functional categories on the face of the statement and has displayed the natural categories in the footnotes to the financial statements. The operating expenses for fiscal year 2015, including depreciation of \$16.2 million, totaled \$242.1 million. Under the functional classifications, \$138.6 million, or 58%, was used for instruction, student aid, and student services; \$31.3 million, or 13%, was used for auxiliary services; \$32.1 million, or 13%, was used for operations and maintenance of plant and depreciation; \$17.7 million, or 7%, was used for institutional support, which includes such areas as computer services and University police; \$16.4 million, or 7%, was used for academic support, for such areas as the library and various dean' offices; and \$6.0 million, or 2%, was used for research and public service, for such areas as grants and contracts.

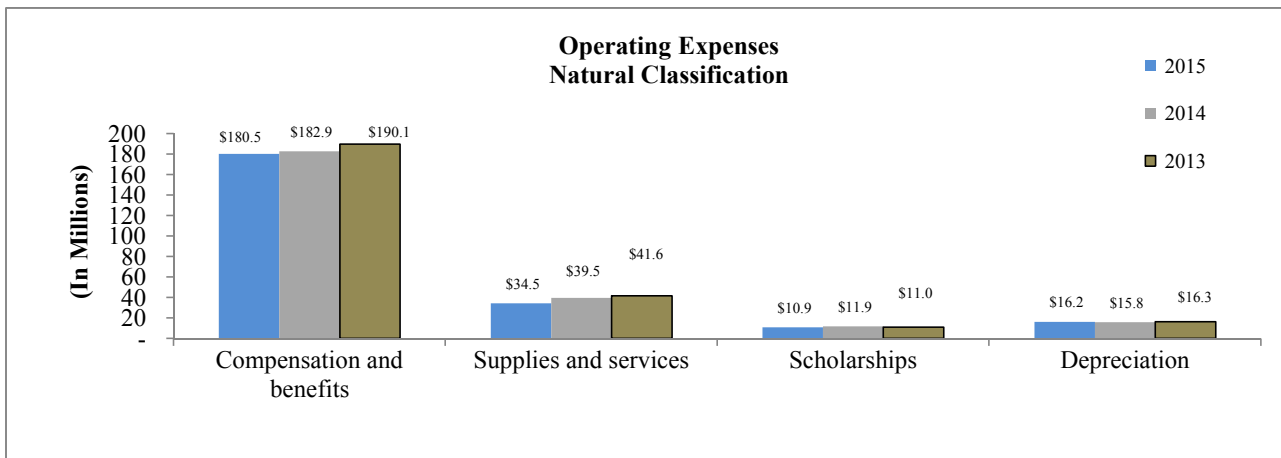
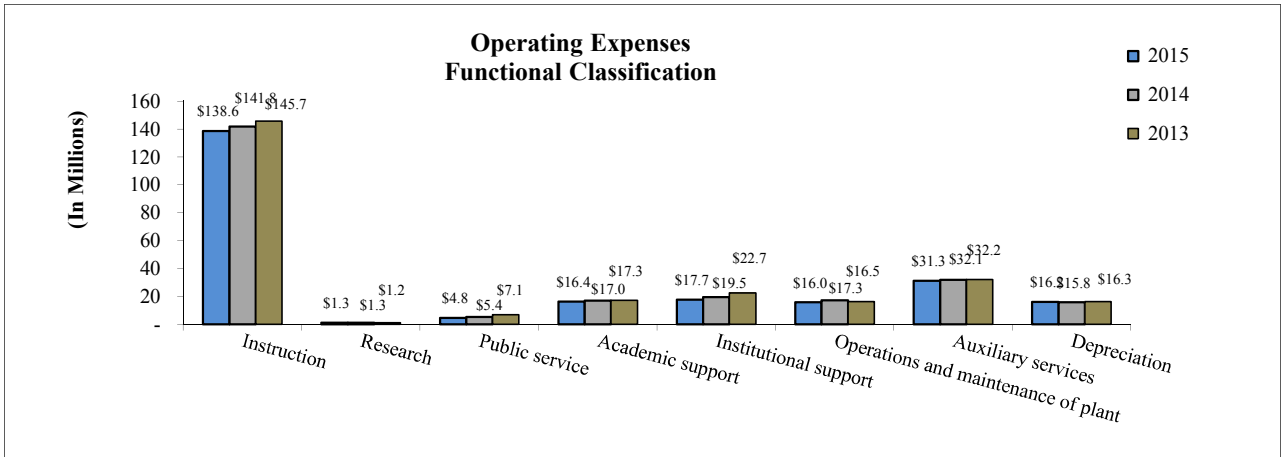
Under the natural classifications, \$180.5 million, or 75%, was used for compensation and benefits; \$34.5 million, or 14%, was used for supplies, contractual services, travel, repairs and maintenance, utilities and other; \$10.9 million, or 4%, was used for scholarships; and \$16.2 million, or 7%, was depreciation.

The operating expenses for fiscal year 2014, including depreciation of \$15.8 million, totaled \$250.1 million. Under the functional classifications, \$141.8 million, or 57%, was used for instruction, student aid, and student services; \$32.1 million, or 13%, was used for auxiliary services; \$33.1 million, or 13%, was used for operations and maintenance of plant and depreciation; \$19.5 million, or 8%, was used for institutional support, which includes such areas as computer services and University police; \$17.0 million, or 7%, was used for academic support, for such areas as the library and various dean' offices; and \$6.6 million, or 2%, was used for research and public service, for such areas as grants and contracts.

Under the natural classifications, \$182.9 million, or 73%, was used for compensation and benefits; \$39.5 million, or 16%, was used for supplies, contractual services, travel, repairs and maintenance, utilities and other; \$11.9 million, or 5%, was used for scholarships; and \$15.8 million, or 6%, was depreciation.

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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



Other

For both fiscal years 2015 and 2014, payments on behalf of the University were the largest source of nonoperating revenues at \$69.1 and \$66.3 million, respectively.

Interest expense on outstanding debt was the largest category of nonoperating expenses for both fiscal years 2015 and 2014. For fiscal years 2015 and 2014, interest expense was \$2.1 and \$2.5 million, respectively.

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

Statement of Cash Flows

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash provided (used) by:			
Operating activities	\$ (54,763,751)	\$ (55,313,058)	\$ (53,084,579)
Noncapital financing activities	71,482,994	77,737,192	72,980,487
Capital and related financing activities	(22,652,599)	(23,967,085)	(28,072,242)
Investing activities	<u>(1,375,589)</u>	<u>(741,533)</u>	<u>(142,138)</u>
Net increase (decrease) in			
cash and cash equivalents	(7,308,945)	(2,284,484)	(8,318,472)
Cash and cash equivalents, beginning of year	<u>45,442,353</u>	<u>47,726,837</u>	<u>56,045,309</u>
Cash and cash equivalents, end of year	<u>\$ 38,133,408</u>	<u>\$ 45,442,353</u>	<u>\$ 47,726,837</u>

Major sources of funds included in operating activities are student tuition and fees and auxiliary services. Student tuition and fees provided \$55.1 and \$62.9 million for fiscal years 2015 and 2014, respectively. Auxiliary enterprises income provided \$36.0 and \$39.6 million for fiscal years 2015 and 2014, respectively. The major source of funds included in noncapital financing activities for each year is State appropriations, which provided \$43.2 and \$50.0 million for fiscal years 2015 and 2014, respectively. Another major source and use of funds included in noncapital financing activities is student loan receipts and disbursements, which were \$52.3 and \$58.8 million in fiscal years 2015 and 2014, respectively.

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

The University's Economic Outlook

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

Appropriations from the State of Illinois represent a significant, but decreasing, portion of operating support for University programs. Between fiscal years 2013 and 2014, State appropriations were stable, but between fiscal years 2014 and 2015, State appropriations declined by approximately \$1.2 million.

The State has not yet passed a budget for fiscal year 2016. This has forced the University to rely on its locally-held funds for expenditures that would normally have been paid by appropriation. The University has also advanced to its students the funds for the State's Monetary Assistance Program (MAP) that the State has awarded but not yet appropriated. The University has made contingency plans to continue its core operations despite the State's budget impasse. An extended delay in receiving State appropriations and/or an eventual cut in the State appropriations may cause a financial burden to the University as it seeks to provide an accessible education to students and prospective students.

Although the University's overall operating budget has shrunk, we anticipate that the State's share of funding will continue to decline. As we navigate the financial uncertainties of the State and nation, we will continue to manage our resources with care and diligence for 2016 and the future. The University is committed to managing tuition levels to meet its mission of superior, yet accessible education.

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

After year-end, the University was notified by the U.S. Department of Education that Congress did not take action to extend the Perkins Loan Program and that loans may not be made to new borrowers after September 30, 2015. Guidance has not yet been received as to how this program will be closed out. While the financial liability for the University is not material, it may affect enrollment as it limits the ability of students to finance their education.

In 2003, Public Act 93-0228 was enacted. This act placed a limitation on increases in tuition at Illinois public institutions of higher education. For students that initially enroll in the University after the 2003-04 academic year, the tuition charged to an undergraduate student cannot increase, above the amount charged when the student enrolled, for four continuous academic years, with limited exceptions. Consequently, the University must establish a tuition rate for incoming students that takes into account all potential cost increases and the rate of inflation. For the fall semester of 2015, the University increased tuition and fee rates for incoming students .7% over the rate paid by students starting in the fall semester of 2014. The political climate for State appropriations and tuition increases is uncertain, and consequently, the University is unable to estimate what, if any, increase may occur for the fall semester of 2016.

In the short term, it is the plan of the University to stabilize its enrollment. In the longer term, it is the University's plan to increase its enrollment to 9,000, which the University believes to be a sustainable level. The fall semester of 2015 enrollment was 8,520, a decrease of 4.4% from the fall semester of 2014. The University has taken several initiatives to increase enrollment: increasing institutional scholarships and tuition waivers, implementing new marketing tactics, and actively recruiting students from border states. Likewise, it is the University's plan to maintain stable occupancy in University owned housing. In fall semester of 2015, the University had 2,798 students in University owned housing, a decrease of 1.5% from the fall semester of 2014.

University owned housing rates are not under the same limitations as tuition. However, they are limited by rates charged in the local housing market for similar accommodations. All freshman are required to live in University owned housing, and all other students are encouraged to live there because it has been the University's experience that students living in University owned housing graduate at a higher rate and with higher grade point averages. For the fall semester of 2015, the typical room and board rate for a full time student increased to \$4,422, an increase of 2% over fall semester of 2014.

The University currently has an agreement with the University Professionals of Illinois (UPI) Local 4100 (the union representing University faculty members) through 2017. UPI represents almost 530 faculty members on campus and is the single largest union representing employees on campus. The University believes it has good working relationships with the various unions representing its employees.

As other funding sources decline, private gifts are an important source of funding for University operations. In association with the Eastern Illinois University Foundation, about \$10.0 million was raised in new gifts and additions to the endowment during fiscal year 2015. The Foundation's annual return on its endowment in fiscal year 2015 was 3.0%, which is better than the Broad Policy Index return of 1.8%. With public financing representing a smaller portion of the University's budget, private philanthropy will continue to grow in importance.

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

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2015 AND 2014

	University		Component Units	
	2015	2014	2015	2014
Assets and Deferred Outflows of Resources				
Current assets:				
Cash and cash equivalents	\$ 32,751,600	\$ 41,227,217	\$ 988,893	\$ 882,157
Restricted cash and cash equivalents	5,381,808	4,215,136	5,453,996	4,237,497
Short-term investments	241,562	485,000	505,914	518,515
Restricted short-term investments	42,825	26,777	6,599,498	5,527,468
Accounts receivable, net of allowance for doubtful accounts	14,887,281	14,822,489	627,818	503,722
State appropriation receivable	5,528,937	5,832,389	-	-
Interest receivable	302	1,367	-	-
Inventories	1,869,645	2,023,947	-	-
Notes receivable, current portion, net of allowance for doubtful accounts	950,205	974,467	-	-
Other assets	718,999	950,402	7,145	51,398
Total current assets	62,373,164	70,559,191	14,183,264	11,720,757
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	1,851,747	4,418,854
Notes receivable, less current portion, net of allowance for doubtful accounts	5,489,995	5,576,972	-	-
Endowment investments	5,020,430	1,504,337	48,079,324	42,347,780
Restricted investments	-	-	23,085,461	26,925,075
Other long-term investments	-	-	1,340,969	1,352,792
Other long-term assets	556,391	593,732	767,214	700,955
Capital assets, net of accumulated depreciation	295,410,246	296,551,671	1,926,908	1,961,550
Total noncurrent assets	306,477,062	304,226,712	77,051,623	77,707,006
Total assets	\$ 368,850,226	\$ 374,785,903	\$ 91,234,887	\$ 89,427,763
Deferred Outflows of Resources				
Employer contributions subsequent to pension liability measurement date	\$ 120,181	\$ -	-	-
Excess of bond reacquisition costs over carrying value	110,586	231,925	-	-
Total Assets and Deferred Outflows of Resources	\$ 369,080,993	\$ 375,017,828	\$ 91,234,887	\$ 89,427,763
Liabilities and Net Position				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 11,246,796	\$ 11,980,008	\$ 46,297	\$ 63,331
Unearned revenue	4,695,607	4,288,999	-	-
Long-term liabilities, current portion	9,584,154	9,164,249	37,807	37,741
Total current liabilities	25,526,557	25,433,256	84,104	101,072
Noncurrent liabilities:				
Long-term liabilities, less current portion	104,706,462	112,237,621	205,279	221,317
Due to others	-	-	4,051,195	5,760,412
Federal loan program contributions refundable	5,751,118	5,755,349	-	-
Total noncurrent liabilities	110,457,580	117,992,970	4,256,474	5,981,729
Total liabilities	135,984,137	143,426,226	4,340,578	6,082,801
Net position:				
Net investment in capital assets	194,513,156	189,218,968	1,926,908	1,961,550
Restricted:				
Nonexpendable				
Endowments	5,123,237	1,504,337	50,828,687	47,401,144
Expendable				
Scholarships and fellowships	115,539	129,560	-	-
Instructional department uses	2,893,772	2,581,697	-	-
Loans	1,441,177	1,408,211	-	-
Debt service	2,883,279	2,173,280	-	-
Other	-	-	31,305,889	31,223,740
Unrestricted	26,126,696	34,575,549	2,832,825	2,758,528
Total net position	\$ 233,096,856	\$ 231,591,602	\$ 86,894,309	\$ 83,344,962

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	University		Component Units	
	2015	2014	2015	2014
Operating Revenues				
Student tuition and fees (net of scholarship allowance of \$26,157,875 in fiscal year 2015 and \$24,287,812 in fiscal year 2014)	\$ 54,735,045	\$ 63,167,723	\$ -	\$ -
Federal grants & contracts	663,975	990,663	-	-
State grants & contracts	1,844,961	1,898,853	-	-
Local grants & contracts	148,262	131,272	-	-
Private grants & contracts	916,694	1,007,671	-	-
Sales and services of educational departments	4,133,129	4,254,838	-	-
Auxiliary enterprises (net of scholarship allowances of \$2,826,564 in fiscal year 2015 and \$2,416,447 in fiscal year 2014)	36,783,016	40,552,326	-	-
Gifts	-	-	3,216,713	1,653,971
Service contract with University	-	-	206,019	227,180
Budget allocation from the University	-	-	315,408	264,045
Membership dues	-	-	52,585	52,235
Royalties and merchandise sales	-	-	24,000	16,414
Other operating revenues	2,744,978	3,204,723	300,100	312,164
Total operating revenues	<u>\$ 101,970,060</u>	<u>\$ 115,208,069</u>	<u>\$ 4,114,825</u>	<u>\$ 2,526,009</u>
Operating Expenses				
Operating expenses				
Educational and general				
Instruction	103,104,753	105,431,850	-	-
Research	1,262,844	1,257,753	-	-
Public service	4,760,445	5,375,793	-	-
Academic support	16,376,944	16,998,586	-	-
Student services	24,097,730	24,276,044	-	-
Institutional support	17,728,272	19,506,139	1,241,892	1,247,563
Operations and maintenance of plant	15,964,693	17,302,802	-	-
Student aid	11,369,344	12,081,401	-	-
Auxiliary enterprises	31,264,105	32,070,844	-	-
Depreciation expense	16,158,469	15,848,110	34,642	34,642
Total operating expenses	<u>\$ 242,087,599</u>	<u>\$ 250,149,322</u>	<u>\$ 1,276,534</u>	<u>\$ 1,282,205</u>
Operating income (loss)	<u>\$ (140,117,539)</u>	<u>\$ (134,941,253)</u>	<u>\$ 2,838,291</u>	<u>\$ 1,243,804</u>

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	University		Component Units	
	2015	2014	2015	2014
Nonoperating Revenues (Expenses)				
State appropriations	\$ 42,923,858	\$ 44,083,100	\$ -	\$ -
Payments on behalf of the University	69,150,918	66,343,635	-	-
Gifts	1,867,026	2,017,081	-	-
Investment income (net)	97,421	63,305	2,083,144	\$ 1,721,080
Net increase (decrease) in fair value of investments	(97,373)	145,796	(1,674,231)	7,773,488
Scholarships	-	-	(1,073,411)	(1,018,750)
Distributions to annuity/unitrust beneficiaries	-	-	(39,557)	(39,842)
Actuarial adjustments	-	-	15,972	12,672
Interest on capital asset-related debt	(2,149,828)	(2,548,628)	-	-
Nonoperating grants & contracts	23,044,087	24,053,363	-	-
Amortization of premiums and discounts	(97,728)	(71,922)	-	-
Grants to the University	-	-	(1,692,999)	(1,842,079)
Payments to the Foundation	(15,579)	(75,315)	-	-
Loss on disposal of capital assets	(35,832)	(265,462)	-	-
Other nonoperating activity	1,602,437	1,610,537	-	-
	<u>\$ 136,289,407</u>	<u>\$ 135,355,490</u>	<u>\$ (2,381,082)</u>	<u>\$ 6,606,569</u>
Income (loss) before other revenues	\$ (3,828,132)	\$ 414,237	\$ 457,209	\$ 7,850,373
Capital appropriations	514,755	442,478	-	-
Additions to permanent endowments	3,705,666	-	3,092,138	4,953,124
Capital grants & gifts	15,000	155,000	-	-
Assets donated by other State agencies	958,332	59,298	-	-
Increase in net position	<u>1,365,621</u>	<u>1,071,013</u>	<u>3,549,347</u>	<u>12,803,497</u>
Net Position				
Net position, beginning of year, as previously reported	231,591,602	230,520,589	83,344,962	70,541,465
Change in accounting principle	139,633	-	-	-
Net position, beginning of year, as restated	<u>231,731,235</u>	<u>230,520,589</u>	<u>83,344,962</u>	<u>70,541,465</u>
Net position, end of year	<u>\$ 233,096,856</u>	<u>\$ 231,591,602</u>	<u>\$ 86,894,309</u>	<u>\$ 83,344,962</u>

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	University		Component Units	
	2015	2014	2015	2014
Cash flows from operating activities				
Tuition and fees	\$ 55,063,388	\$ 62,858,782	\$ -	\$ -
Grants and contracts (noncapital)	3,737,687	4,161,052	-	-
Sales and services of educational departments	5,140,961	3,615,323	-	-
Auxiliary enterprises	35,989,790	39,620,376	-	-
Payments to suppliers	(34,429,856)	(38,414,497)	(765,219)	(757,448)
Payments to employees	(103,170,906)	(109,602,753)	-	-
Payments for employee benefits	(8,833,416)	(8,684,481)	-	-
Payments for scholarships and fellowships	(10,938,956)	(11,901,389)	-	-
Federal loan program contributions refundable	(4,230)	(12,122)	-	-
Loans issued to students	(1,204,388)	(1,300,530)	-	-
Collection of loans from students	1,315,627	1,217,676	-	-
Royalties and merchandise sales	-	-	24,000	16,414
Membership dues	-	-	53,635	54,135
Service contract with the University	-	-	52,417	78,625
Gifts	-	-	1,961,470	1,972,121
Other receipts	2,570,548	3,129,505	300,100	312,164
Net cash provided by (used in) operating activities	(54,763,751)	(55,313,058)	1,626,403	1,676,011
Cash flows from noncapital financing activities				
State appropriations	43,227,310	50,042,614	-	-
Grants to the University	3,660,547	2,017,082	-	-
Payments to the Foundation	(15,578)	(75,315)	-	-
Scholarships	-	-	(1,071,482)	(1,020,219)
Distributions to annuity/unitrust beneficiaries	-	-	(39,557)	(39,842)
Agency receipts	-	-	1,948,684	225,025
Agency payments	-	-	(1,981,550)	(200,536)
Direct lending student loan receipts	52,304,506	58,812,047	-	-
Direct lending student loan payments	(52,304,506)	(58,812,047)	-	-
Other nonoperating activities	1,602,584	1,610,536	1,062,497	4,719,859
Nonoperating grants	23,008,131	24,142,275	(1,692,999)	(1,842,079)
Net cash provided by (used in) noncapital financing activities	71,482,994	77,737,192	(1,774,407)	1,842,208
Cash flows from capital and related financing activities				
Principal paid on capital debt and leases	(6,540,000)	(6,785,000)	-	-
Interest paid on capital debt and leases	(2,221,952)	(2,634,685)	-	-
Other interest paid	(146)	(659)	-	-
Capital appropriations	514,755	442,478	-	-
Capital grants and gifts	15,000	155,000	-	-
Purchases of capital assets	(14,420,256)	(15,144,219)	-	-
Net cash provided by (used in) capital and related financing activities	(22,652,599)	(23,967,085)	-	-

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
STATEMENTS OF CASH FLOWS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	University		Component Units	
	2015	2014	2015	2014
Cash flow from investing activities				
Proceeds from the sale and maturities of investments	\$ 387,627	\$ 630,796	\$ 3,654,282	\$ 5,050,687
Interest received on investments	98,486	63,171	2,097,667	1,684,005
Sale of gift stock and real estate	-	-	3,105,799	63,112
Purchase of investments	(1,861,702)	(1,435,500)	(9,953,616)	(6,145,785)
Net cash provided by (used in) investing activities	(1,375,589)	(741,533)	(1,095,868)	652,019
Net increase (decrease) in cash and cash equivalents	(7,308,945)	(2,284,484)	(1,243,872)	4,170,238
Cash and cash equivalents, beginning of year	45,442,353	47,726,837	9,538,508	5,368,270
Cash and cash equivalents, end of year	\$ 38,133,408	\$ 45,442,353	\$ 8,294,636	\$ 9,538,508
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (140,117,539)	\$ (134,941,253)	\$ 2,838,291	\$ 1,243,804
Adjustments to reconcile operating income (loss) to net cash provided from (used in) operating activities:				
Depreciation expense	16,158,469	15,848,110	34,642	34,642
Bad debt	-	-	17,270	32,901
Payments on behalf of the University	69,150,918	66,343,635	-	-
Non-cash stock, real estate gifts	-	-	(1,308,174)	(5,629)
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(60,942)	(1,897,997)	55,481	324,178
(Increase) decrease in inventory	154,302	214,666	-	-
(Increase) decrease in notes receivable	111,239	(82,853)	-	-
(Increase) decrease in other assets	259,321	(23,060)	7,856	(2,738)
(Increase) decrease in pension deferred outflows	19,452	-	-	-
Increase (decrease) in accounts payable	(335,719)	657,144	(17,463)	47,353
Increase (decrease) in unearned revenue	439,199	297,448	(1,500)	1,500
Increase (decrease) in compensated absences	(537,915)	(1,634,426)	-	-
Increase (decrease) in federal loan program refundable	(4,230)	(12,122)	-	-
Increase (decrease) in other long-term liabilities	(37,350)	(38,275)	-	-
Increase (decrease) in deposits	37,044	(44,075)	-	-
Net cash provided by (used in) operating activities	\$ (54,763,751)	\$ (55,313,058)	\$ 1,626,403	\$ 1,676,011
Noncash investing, noncapital financing, and capital and related financing transactions				
Change in fair value of investments	\$ (97,373)	\$ 145,796	\$ (1,689,865)	\$ 7,773,488
Change in interest receivable affecting interest received	\$ (1,065)	\$ 134	\$ -	\$ -
Change in accrued interest affecting interest paid	\$ (72,124)	\$ (86,715)	\$ -	\$ -
Change in accrued costs relating to capital assets	\$ (325,708)	\$ (375,442)	\$ -	\$ -
Donation of property, plant and equipment	\$ 958,332	\$ 59,298	\$ -	\$ -

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMBINING STATEMENT OF NET POSITION
FOR MAJOR COMPONENT UNITS
AS OF JUNE 30, 2015

Assets	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 757,297	\$ 231,596	\$ 988,893
Restricted cash and cash equivalents	5,453,996	-	5,453,996
Short-term investments	2,767	503,147	505,914
Restricted short-term investments	6,599,498	-	6,599,498
Accounts receivable, net of allowance for doubtful accounts	623,468	4,350	627,818
Other assets	6,119	1,026	7,145
	<u>13,443,145</u>	<u>740,119</u>	<u>14,183,264</u>
Noncurrent assets:			
Restricted cash and cash equivalents	1,851,747	-	1,851,747
Endowment investments	48,079,324	-	48,079,324
Restricted investments	23,085,461	-	23,085,461
Other long-term investments	-	1,340,969	1,340,969
Other long-term assets	762,864	4,350	767,214
Capital assets, net of accumulated depreciation	1,757,215	169,693	1,926,908
	<u>75,536,611</u>	<u>1,515,012</u>	<u>77,051,623</u>
Total assets	<u>\$ 88,979,756</u>	<u>\$ 2,255,131</u>	<u>\$ 91,234,887</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 46,248	\$ 49	\$ 46,297
Long-term liabilities, current portion	37,807	-	37,807
	<u>84,055</u>	<u>49</u>	<u>84,104</u>
Noncurrent liabilities:			
Long-term liabilities, less current portion	205,279	-	205,279
Due to others	4,051,195	-	4,051,195
	<u>4,256,474</u>	<u>-</u>	<u>4,256,474</u>
Total liabilities	<u>4,340,529</u>	<u>49</u>	<u>4,340,578</u>
Net position:			
Net investment in capital assets	1,757,215	169,693	1,926,908
Restricted:			
Nonexpendable			
Endowments	50,828,687	-	50,828,687
Expendable			
Other	31,305,889	-	31,305,889
Unrestricted	747,436	2,085,389	2,832,825
Total net position	<u>\$ 84,639,227</u>	<u>\$ 2,255,082</u>	<u>\$ 86,894,309</u>

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMBINING STATEMENT OF NET POSITION
FOR MAJOR COMPONENT UNITS
AS OF JUNE 30, 2014

Assets	Foundation	Alumni Association	Total
Current assets:			
Cash and cash equivalents	\$ 636,011	\$ 246,146	\$ 882,157
Restricted cash and cash equivalents	4,237,497	-	4,237,497
Short-term investments	32,000	486,515	518,515
Restricted short-term investments	5,527,468	-	5,527,468
Accounts receivable, net of allowance for doubtful accounts	498,672	5,050	503,722
Other assets	50,386	1,012	51,398
Total current assets	<u>10,982,034</u>	<u>738,723</u>	<u>11,720,757</u>
Noncurrent assets:			
Restricted cash and cash equivalents	4,418,854	-	4,418,854
Endowment investments	42,347,780	-	42,347,780
Restricted investments	26,925,075	-	26,925,075
Other long-term investments	-	1,352,792	1,352,792
Other long-term assets	696,255	4,700	700,955
Capital assets, net of accumulated depreciation	1,785,858	175,692	1,961,550
Total noncurrent assets	<u>76,173,822</u>	<u>1,533,184</u>	<u>77,707,006</u>
Total assets	<u>\$ 87,155,856</u>	<u>\$ 2,271,907</u>	<u>\$ 89,427,763</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 62,707	\$ 624	\$ 63,331
Long-term liabilities, current portion	37,741	-	37,741
Total current liabilities	<u>100,448</u>	<u>624</u>	<u>101,072</u>
Noncurrent liabilities:			
Long-term liabilities, less current portion	221,317	-	221,317
Due to others	5,760,412	-	5,760,412
Total noncurrent liabilities	<u>5,981,729</u>	<u>-</u>	<u>5,981,729</u>
Total liabilities	<u>6,082,177</u>	<u>624</u>	<u>6,082,801</u>
Net position:			
Net investment in capital assets	1,785,858	175,692	1,961,550
Restricted:			
Nonexpendable			
Endowments	47,401,144	-	47,401,144
Expendable			
Other	31,223,740	-	31,223,740
Unrestricted	662,937	2,095,591	2,758,528
Total net position	<u>\$ 81,073,679</u>	<u>\$ 2,271,283</u>	<u>\$ 83,344,962</u>

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
Operating Revenues			
Gifts	\$ 3,212,520	\$ 4,193	\$ 3,216,713
Service contract with University	180,848	25,171	206,019
Budget allocation from the University	289,194	26,214	315,408
Membership dues	-	52,585	52,585
Royalties and merchandise sales	-	24,000	24,000
Other operating revenues	297,823	2,277	300,100
Total operating revenues	<u>3,980,385</u>	<u>134,440</u>	<u>4,114,825</u>
Operating Expenses			
Educational and general			
Institutional support	1,112,134	129,758	1,241,892
Depreciation expense	28,643	5,999	34,642
Total operating expenses	<u>1,140,777</u>	<u>135,757</u>	<u>1,276,534</u>
Operating income (loss)	<u>2,839,608</u>	<u>(1,317)</u>	<u>2,838,291</u>
Nonoperating Revenues (Expenses)			
Investment income (net)	2,052,755	30,389	2,083,144
Net increase (decrease) in fair value of investments	(1,648,651)	(25,580)	(1,674,231)
Scholarships	(1,068,411)	(5,000)	(1,073,411)
Distributions to annuity/unitrust beneficiaries	(39,557)	-	(39,557)
Actuarial adjustments	15,972	-	15,972
Grants to the University	(1,678,306)	(14,693)	(1,692,999)
Total nonoperating revenues (expenses)	<u>(2,366,198)</u>	<u>(14,884)</u>	<u>(2,381,082)</u>
Income (loss) before capital contributions	473,410	(16,201)	457,209
Additions to permanent endowments	3,092,138	-	3,092,138
Increase (decrease) in net position	<u>3,565,548</u>	<u>(16,201)</u>	<u>3,549,347</u>
Net Position			
Net position, beginning of year	<u>81,073,679</u>	<u>2,271,283</u>	<u>83,344,962</u>
Net position, end of year	<u>\$ 84,639,227</u>	<u>\$ 2,255,082</u>	<u>\$ 86,894,309</u>

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
Operating Revenues			
Gifts	\$ 1,650,230	\$ 3,741	\$ 1,653,971
Service contract with University	210,228	16,952	227,180
Budget allocation from the University	246,914	17,131	264,045
Membership dues	-	52,235	52,235
Royalties and merchandise sales	-	16,414	16,414
Other operating revenues	310,380	1,784	312,164
Total operating revenues	<u>2,417,752</u>	<u>108,257</u>	<u>2,526,009</u>
Operating Expenses			
Educational and general			
Institutional support	1,098,459	149,104	1,247,563
Depreciation expense	28,643	5,999	34,642
Total operating expenses	<u>1,127,102</u>	<u>155,103</u>	<u>1,282,205</u>
Operating income (loss)	<u>1,290,650</u>	<u>(46,846)</u>	<u>1,243,804</u>
Nonoperating Revenues (Expenses)			
Investment income (net)	1,688,643	32,437	1,721,080
Net increase (decrease) in fair value of investments	7,643,352	130,136	7,773,488
Scholarships	(1,006,250)	(12,500)	(1,018,750)
Distributions to annuity/unitrust beneficiaries	(39,842)	-	(39,842)
Actuarial adjustments	12,672	-	12,672
Grants to the University	(1,837,112)	(4,967)	(1,842,079)
Total nonoperating revenues (expenses)	<u>6,461,463</u>	<u>145,106</u>	<u>6,606,569</u>
Income (loss) before capital contributions	7,752,113	98,260	7,850,373
Additions to permanent endowments	<u>4,953,124</u>	<u>-</u>	<u>4,953,124</u>
Increase (decrease) in net position	<u>12,705,237</u>	<u>98,260</u>	<u>12,803,497</u>
Net Position			
Net position, beginning of year	<u>68,368,442</u>	<u>2,173,023</u>	<u>70,541,465</u>
Net position, end of year	<u>\$ 81,073,679</u>	<u>\$ 2,271,283</u>	<u>\$ 83,344,962</u>

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMBINING STATEMENT OF CASH FLOWS
FOR MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Foundation	Alumni Association	Total
Cash flows from operating activities			
Payments to suppliers	\$ (686,257)	\$ (78,962)	\$ (765,219)
Royalties and merchandise sales	-	24,000	24,000
Membership dues	-	53,635	53,635
Gifts	1,957,277	4,193	1,961,470
Service contract with Eastern Illinois University	52,417	-	52,417
Other receipts	297,823	2,277	300,100
Net cash provided by (used in) operating activities	<u>1,621,260</u>	<u>5,143</u>	<u>1,626,403</u>
Cash flows from noncapital financing activities			
Grants to the University	(1,678,306)	(14,693)	(1,692,999)
Scholarships	(1,066,482)	(5,000)	(1,071,482)
Distributions to annuity/unitrust beneficiaries	(39,557)	-	(39,557)
Agency receipts	1,948,684	-	1,948,684
Agency payments	(1,981,550)	-	(1,981,550)
Gifts received for endowment purposes	1,062,497	-	1,062,497
Net cash provided by (used in) noncapital financing activities	<u>(1,754,714)</u>	<u>(19,693)</u>	<u>(1,774,407)</u>
Cash flow from investing activities			
Proceeds from the sale and maturities of investments	2,429,920	1,224,362	3,654,282
Interest received on investments	2,067,278	30,389	2,097,667
Sale of gift stock and real estate	3,105,799	-	3,105,799
Purchase of investments	(8,698,865)	(1,254,751)	(9,953,616)
Net cash provided by (used in) investing activities	<u>(1,095,868)</u>	<u>-</u>	<u>(1,095,868)</u>
Net increase (decrease) in cash and cash equivalents	(1,229,322)	(14,550)	(1,243,872)
Cash and cash equivalents, beginning of year	9,292,362	246,146	9,538,508
Cash and cash equivalents, end of year	<u>\$ 8,063,040</u>	<u>\$ 231,596</u>	<u>\$ 8,294,636</u>

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

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 COMBINING STATEMENT OF CASH FLOWS (Continued)
 FOR MAJOR COMPONENT UNITS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 2,839,608	\$ (1,317)	\$ 2,838,291
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	28,643	5,999	34,642
Bad debt expense	17,270	-	17,270
Non-cash stock, real estate gifts	(1,308,174)	-	(1,308,174)
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	54,431	1,050	55,481
(Increase) decrease in prepaid expense	7,870	(14)	7,856
Increase (decrease) in unearned revenue	(1,500)	-	(1,500)
Increase (decrease) in accounts payable	(16,888)	(575)	(17,463)
Net cash provided by (used in) operating activities	<u>\$ 1,621,260</u>	<u>\$ 5,143</u>	<u>\$ 1,626,403</u>
Noncash investing, noncapital financing, and capital and related financing transactions			
Change in fair value of investments	\$ (1,648,651)	\$ (41,214)	\$ (1,689,865)

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMBINING STATEMENT OF CASH FLOWS
FOR MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Foundation	Alumni Association	Total
Cash flows from operating activities			
Payments to suppliers	\$ (639,728)	\$ (117,720)	\$ (757,448)
Royalties and merchandise sales	-	16,414	16,414
Membership dues	-	54,135	54,135
Gifts	1,968,380	3,741	1,972,121
Service contract with Eastern Illinois University	78,625	-	78,625
Other receipts	310,380	1,784	312,164
Net cash provided by (used in) operating activities	<u>1,717,657</u>	<u>(41,646)</u>	<u>1,676,011</u>
Cash flows from noncapital financing activities			
Grants to the University	(1,837,112)	(4,967)	(1,842,079)
Scholarships	(1,007,719)	(12,500)	(1,020,219)
Distributions to annuity/unitrust beneficiaries	(39,842)	-	(39,842)
Agency receipts	225,025	-	225,025
Agency payments	(200,536)	-	(200,536)
Gifts received for endowment purposes	4,719,859	-	4,719,859
Net cash provided by (used in) noncapital financing activities	<u>1,859,675</u>	<u>(17,467)</u>	<u>1,842,208</u>
Cash flow from investing activities			
Proceeds from the sale and maturities of investments	4,694,020	356,667	5,050,687
Interest received on investments	1,651,568	32,437	1,684,005
Sale of gift stock and real estate	63,112	-	63,112
Purchase of investments	(5,756,681)	(389,104)	(6,145,785)
Net cash provided by (used in) investing activities	<u>652,019</u>	<u>-</u>	<u>652,019</u>
Net increase (decrease) in cash and cash equivalents	4,229,351	(59,113)	4,170,238
Cash and cash equivalents, beginning of year	5,063,011	305,259	5,368,270
Cash and cash equivalents, end of year	<u>\$ 9,292,362</u>	<u>\$ 246,146</u>	<u>\$ 9,538,508</u>

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMBINING STATEMENT OF CASH FLOWS (Continued)
FOR MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Foundation</u>	<u>Alumni Association</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 1,290,650	\$ (46,846)	\$ 1,243,804
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	28,643	5,999	34,642
Bad debt expense	32,901	-	32,901
Non-cash stock, real estate gifts	(5,629)	-	(5,629)
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	322,278	1,900	324,178
(Increase) decrease in prepaid expense	(2,628)	(110)	(2,738)
Increase (decrease) in unearned revenue	1,500	-	1,500
Increase (decrease) in accounts payable	49,942	(2,589)	47,353
Net cash provided by (used in) operating activities	<u>\$ 1,717,657</u>	<u>\$ (41,646)</u>	<u>\$ 1,676,011</u>
Noncash investing, noncapital financing, and capital and related financing transactions			
Change in fair value of investments	\$ 7,643,352	\$ 130,136	\$ 7,773,488

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

Financial Reporting Entity

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

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

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

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

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

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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

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

Financial Statement Presentation

During 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB No. 68 requires additional disclosures to the University's financial statements as shown in Note 14. GASB No. 71 reclassifies fiscal year 2015 pension expense relating to grant funds as a deferred outflow, because the State Universities Retirement System used June 30, 2013 to measure its net pension liability.

Due to the implementation of GASB Statements Nos. 68 and 71, the University has restated its July 1, 2014 net position by \$139,633, or the amount of fiscal year 2014 contributions to SURS. This amount has been included as operating expenses during fiscal year 2015.

During 2014, the University adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

Basis of Accounting

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

Cash Equivalents

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

Investments

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

Inventories

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

Accounts Receivable

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

Restricted Assets

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

Capital Assets

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

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

Unearned Revenues

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

Compensated Absences

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

Long-Term Liabilities

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Net Position

The University's net position is classified as follows:

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

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

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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

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

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

Deferred Inflows/Outflows of Resources

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

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The University has also deferred its fiscal year 2015 pension contributions as required by GASB No. 71. The pension contribution will be recognized as expense during fiscal year 2016.

Income Taxes

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

Reclassifications

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

Classification of Revenues

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

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

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

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On-Behalf Payments for Fringe Benefits

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the University has reported on-behalf payments made by the State of Illinois to the Department of Central Management Services State Employees Group Insurance Program and the State Universities' Retirement System of Illinois (SURS) totaling \$69,150,918 and \$66,343,635, representing \$30,485,790 and \$31,143,498 for group insurance costs and \$38,665,128 and \$35,200,137 for retirement costs for fiscal years 2015 and 2014, respectively. These costs are reflected as nonoperating revenues and operating expenses with revenues reported as payments on behalf of the University and expenses allocated to each educational and general program.

Scholarship Discounts and Allowances

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) and additions to/deductions from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

2 CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS

Cash and Cash Equivalents

The University maintains deposits at financial institutions authorized by the Board of Trustees. The carrying amount of these deposits were \$119,248 and \$37,087 at June 30, 2015 and 2014, respectively, and were fully covered by depository insurance. In addition, the University had cash on hand in various petty cash and change funds in the amount of \$28,269 and \$28,560 at June 30, 2015 and 2014, respectively.

Investments

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

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Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University has established a maximum maturity of up to four years for any investment. State statutes limit maturity on commercial paper investments to 180 days. Effective maturity ranges for investments as of June 30, 2015 and 2014, are as follows:

Effective Maturity	At June 30, 2015		
	0-1 Years	1-5 Years	6-10 Years
Illinois Funds	\$ 37,985,891	\$ -	\$ -
Mutual Bond Funds	-	118,130	509,317
	<u>\$ 37,985,891</u>	<u>\$ 118,130</u>	<u>\$ 509,317</u>

Effective Maturity	At June 30, 2014		
	0-1 Years	1-5 Years	6-10 Years
Illinois Funds	\$ 45,376,706	\$ -	\$ -
Mutual Bond Funds	-	74,677	284,823
	<u>\$ 45,376,706</u>	<u>\$ 74,677</u>	<u>\$ 284,823</u>

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

Quality Rating	At June 30, 2015	
	AAA	Not Rated
Illinois Funds	\$ 37,985,891	\$ -
Mutual Bond Funds	-	627,447
	<u>\$ 37,985,891</u>	<u>\$ 627,447</u>

Quality Rating	At June 30, 2014	
	AAA	Not Rated
Illinois Funds	\$ 45,376,706	\$ -
Mutual Bond Funds	-	359,500
	<u>\$ 45,376,706</u>	<u>\$ 359,500</u>

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

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

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

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

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

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

Reconciliation to the Statement of Net Position

A reconciliation of cash and investments as presented previously to amounts reported in the Statement of Net Position as of June 30, 2015 and June 30, 2014, are as follows:

	At June 30, 2015		
	Current	Noncurrent	Total
Cash and cash equivalents	\$ 32,751,600	\$ -	\$ 32,751,600
Restricted cash and cash equivalents	5,381,808	-	5,381,808
Short-term investments	241,562	-	241,562
Restricted investments	42,825	-	42,825
Endowment investments	-	5,020,430	5,020,430
	<u>\$ 38,417,795</u>	<u>\$ 5,020,430</u>	<u>\$ 43,438,225</u>

	At June 30, 2014		
	Current	Noncurrent	Total
Cash and cash equivalents	\$ 41,227,217	\$ -	\$ 41,227,217
Restricted cash and cash equivalents	4,215,136	-	4,215,136
Short-term investments	485,000	-	485,000
Restricted investments	26,777	-	26,777
Endowment investments	-	1,504,337	1,504,337
	<u>\$ 45,954,130</u>	<u>\$ 1,504,337</u>	<u>\$ 47,458,467</u>

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

	2015	2014
Cash deposits	\$ 119,248	\$ 37,087
Petty cash funds	28,269	28,560
The Illinois Funds accounts	37,985,891	45,376,706
Bond Mutual Funds - Charles Schwab & Co., Inc.	627,447	359,500
Equity Mutual Funds - Charles Schwab & Co., Inc.	1,764,316	1,171,614
Certificates of Deposit	241,562	485,000
Farm Assets - First Mid-Illinois Bank & Trust	2,671,492	-
As reported in the Statement of Net Position	<u>\$ 43,438,225</u>	<u>\$ 47,458,467</u>

The State of Illinois adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), effective June 30, 2009. UPMIFA added certain prudent spending measures to the Uniform Management of Institutional Funds Act. In accordance with UPMIFA, the Board of Trustees of the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the institution; and the investment policies of the University.

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3 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	2015	2014
Sales and service	\$ 2,294,623	\$ 3,346,751
Student tuition and fees	5,313,769	5,186,997
Auxiliary enterprises and other operating activities	7,824,035	7,111,926
Federal, State, and private grants and contracts	667,149	552,690
Others	11,422,559	9,064,328
Total	<u>\$ 27,522,135</u>	<u>\$ 25,262,692</u>
Less allowance for doubtful accounts	(12,634,854)	(10,440,203)
Net accounts receivable	<u>\$ 14,887,281</u>	<u>\$ 14,822,489</u>

4 INVENTORIES

Inventories consisted of the following at June 30:

	2015	2014
Union Bookstore	\$ 868,379	\$ 911,806
Facilities Planning and Management	739,372	852,844
Dining Services	142,739	137,261
Union operations	45,451	59,664
Postage	40,021	34,150
Pharmacy	12,124	12,608
Other	21,559	15,614
	<u>\$ 1,869,645</u>	<u>\$ 2,023,947</u>

5 NOTES RECEIVABLE

Student loans made through the Federal Perkins Loan Program (the "Program") comprise substantially all of the notes receivable as of June 30, 2015 and 2014. Under this Program, the federal government provides funds for approximately 75% of the total contribution for student loans with the University providing the balance. Under certain conditions such loans can be forgiven at annual rates of 10% to 30% of the original balance up to maximums of 50% to 100% of the original loan. The federal government reimburses the University to the extent of 10% of the amounts forgiven for loans originated prior to July 1, 1993, under the Federal Perkins Loan Program. No reimbursements are provided for loans originated after this date. Amounts refundable to the U.S. Government upon cessation of the Program of \$5,751,118 and \$5,755,349 as of June 30, 2015 and 2014, respectively, are reflected in the accompanying Statement of Net Position as noncurrent liabilities.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans may be assigned to the U.S. Department of Education. The allowance for uncollectible loans only applies to University funded loans and the University portion of federal student loans, as the University is not obligated to fund the federal portion of uncollected student loans. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2015 and 2014, the allowance for uncollectible loans was \$103,294 and \$100,260, respectively.

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6 CAPITAL ASSETS

Capital assets consisted of the following at June 30:

	For the Year Ended June 30, 2015				
	6/30/2014	Additions	Deletions	Transfers	6/30/2015
Capital assets not being depreciated					
Land and land improvements	\$ 3,007,015	\$ -	\$ -	\$ -	\$ 3,007,015
Capitalized collections	207,146	-	-	-	207,146
Construction in progress	79,036,069	10,751,401	28,332	(5,296,568)	84,462,570
Total capital assets not being depreciated	82,250,230	10,751,401	28,332	(5,296,568)	87,676,731
Other capital assets being depreciated					
Site improvements	22,127,875	276,844	-	774,601	23,179,320
Buildings & building improvements	343,206,263	-	-	4,490,272	347,696,535
Equipment	72,392,521	4,029,631	1,608,920	226,673	75,039,905
Total capital assets being depreciated	437,726,659	4,306,475	1,608,920	5,491,546	445,915,760
Less accumulated depreciation for:					
Site improvements	14,576,931	1,295,663	-	-	15,872,594
Buildings & building improvements	147,706,891	9,778,945	-	-	157,485,836
Equipment	61,141,396	5,083,861	1,596,420	194,978	64,823,815
Total accumulated depreciation	223,425,218	16,158,469	1,596,420	194,978	238,182,245
Intangible assets being amortized					
Software	380,146	-	-	-	380,146
Less amortization	380,146	-	-	-	380,146
Total intangible assets being amortized	-	-	-	-	-
Total capital assets, being depreciated or amortized, net	214,301,441	(11,851,994)	12,500	5,296,568	207,733,515
Capital assets, net	\$ 296,551,671	\$ (1,100,593)	\$ 40,832	\$ -	\$ 295,410,246

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	For the Year Ended June 30, 2014				
	6/30/2013	Additions	Deletions	Transfers	6/30/2014
Capital assets not being depreciated					
Land and land improvements	\$ 2,968,015	\$ 39,000	\$ -	\$ -	\$ 3,007,015
Capitalized collections	207,146	-	-	-	207,146
Construction in progress	77,646,512	9,596,136	153,335	(8,053,244)	79,036,069
Total capital assets not being depreciated	80,821,673	9,635,136	153,335	(8,053,244)	82,250,230
Other capital assets being depreciated					
Site improvements	21,990,075	49,311	-	88,489	22,127,875
Buildings & building improvements	335,054,668	186,840	-	7,964,755	343,206,263
Equipment	70,836,657	4,990,540	3,620,650	185,974	72,392,521
Total capital assets being depreciated	427,881,400	5,226,691	3,620,650	8,239,218	437,726,659
Less accumulated depreciation for:					
Site improvements	13,540,563	1,036,368	-	-	14,576,931
Buildings & building improvements	137,952,443	9,754,448	-	-	147,706,891
Equipment	59,372,901	5,057,294	3,474,773	185,974	61,141,396
Total accumulated depreciation	210,865,907	15,848,110	3,474,773	185,974	223,425,218
Intangible assets being amortized					
Software	380,146	-	-	-	380,146
Less amortization	380,146	-	-	-	380,146
Total intangible assets being amortized	-	-	-	-	-
Total capital assets, being depreciated or amortized, net	217,015,493	(10,621,419)	145,877	8,053,244	214,301,441
Capital assets, net	\$ 297,837,166	\$ (986,283)	\$ 299,212	\$ -	\$ 296,551,671

7 CONSTRUCTION IN PROGRESS

Below is a listing of the major construction projects in progress at June 30, 2015:

	Project Estimate	Expended to 6/30/2015	Committed
Center for Renewable Energy Research & Education	\$ 1,999,679	\$ 1,999,679	\$ -
EIU Renewable Energy Center/Energy Savings Projects	75,234,173	75,234,173	-
Physical Science Building renovations	305,191	205,172	100,019
Various residence hall projects	2,778,762	2,416,461	362,301
Parking lot repairs	2,319,268	1,711,015	608,253
Other miscellaneous	3,823,567	2,896,070	927,497
	<u>\$ 86,460,640</u>	<u>\$ 84,462,570</u>	<u>\$ 1,998,070</u>

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8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2015	2014
Accounts payable	\$ 1,784,441	\$ 2,453,211
Accrued wages	5,778,808	5,886,886
Accrued expenses	3,379,189	3,329,768
Other	304,358	310,143
	<u>\$ 11,246,796</u>	<u>\$ 11,980,008</u>

9 UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

	2015	2014
Prepaid tuition and fees	\$ 2,362,597	\$ 2,059,629
Sales and service	234,067	278,362
Auxiliary enterprises	309,205	359,007
Grants and contracts	1,777,920	1,535,624
Miscellaneous	11,818	56,377
	<u>\$ 4,695,607</u>	<u>\$ 4,288,999</u>

10 LONG-TERM LIABILITIES

	As of June 30, 2015				
	Balance 6/30/2014	Additions	Reductions	Balance 6/30/2015	Amounts Due Within One Year
Revenue bonds, notes payable, and Certificates of Participation					
Revenue bonds payable	(1) \$ 19,855,000	\$ -	\$ 4,385,000	\$ 15,470,000	\$ 4,610,000
Revenue bond discounts	(10,430)	-	(1,088)	(9,342)	(1,009)
Revenue bond premiums	97,909	-	45,169	52,740	16,762
Certificates of Participation	(2) 90,470,000	-	2,155,000	88,315,000	2,415,000
COPS discount	(69,992)	-	(11,049)	(58,943)	(10,315)
Other liabilities					
Accrued compensated absences	* 10,065,489	-	537,915	9,527,574	1,560,129
Deposits	* 993,894	33,226	33,533	993,587	993,587
Federal loan program contributions	5,755,349	-	4,231	5,751,118	-
Total long-term liabilities	<u>\$ 127,157,219</u>	<u>\$ 33,226</u>	<u>\$ 7,148,711</u>	<u>\$ 120,041,734</u>	<u>\$ 9,584,154</u>

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		As of June 30, 2014					
		Balance			Balance	Amounts Due Within	
		6/30/2013	Additions	Reductions	6/30/2014	One Year	
Revenue bonds, notes payable, and Certificates of Participation							
	Revenue bonds payable	(1) \$ 24,030,000	\$ -	\$ 4,175,000	\$ 19,855,000	\$	4,385,000
	Revenue bond discounts	(11,607)	-	(1,177)	(10,430)		(1,087)
	Revenue bond premiums	174,239	-	76,330	97,909		45,169
	Certificates of Participation	(2) 93,080,000	-	2,610,000	90,470,000		2,155,000
	COPS discount	(81,839)	-	(11,847)	(69,992)		(11,050)
Other liabilities							
	Accrued compensated absences	* 11,699,915	-	1,634,426	10,065,489		1,597,323
	Deposits	* 1,076,244	3,430	85,780	993,894		993,894
	Federal loan program contributions	5,767,471	-	12,122	5,755,349		-
Total long-term liabilities		\$ 135,734,423	\$ 3,430	\$ 8,580,634	\$ 127,157,219	\$	9,164,249

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

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

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

Total interest expense for the years ended June 30, 2015 and 2014 was \$6,044,169 and \$6,321,466, respectively. There was \$3,894,341 and \$3,772,838 of interest capitalized as part of capital projects in progress during the years ended June 30, 2015 and 2014, respectively.

11 REVENUE BONDS

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

	2015	2014
\$19,345,000, Auxiliary Facilities System Revenue Bonds, Series 2005, term bonds due in annual installments (principal only) of \$885,000 to \$1,370,000 through April 1, 2013; \$965,000 to \$1,595,000 through April 1, 2018, \$540,000 to \$635,000 through April 1, 2023, \$665,000 to \$730,000 through April 1, 2026; interest ranges from 3.0% to 5.0%	\$ 8,955,000	\$ 10,465,000
\$18,590,000 Auxiliary Facilities System Revenue Bonds, Series 2008, term bonds due in annual installments (principal only) of \$1,000,000 to \$2,900,000 through October 1, 2015; interest ranges from 3.25% to 5.0%.	2,900,000	5,665,000
\$4,230,000, Auxiliary Facilities System Revenue Bonds, Series 2008B, term bonds due in annual installments (principal only) of \$95,000 to \$1,340,000 through October 1, 2033; interest ranges from 2.0% to 5.80%.	3,615,000	3,725,000
Total bonds outstanding	\$ 15,470,000	\$ 19,855,000

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

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

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

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

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

At June 30, 2015 and 2014, no previously refunded bonds were outstanding.

The estimated annual amounts required for the payment of principal and interest on the outstanding revenue bonds as of June 30, 2015, are set forth in the following table:

Year ending June 30	Principal	Interest	Total Payments
2016	\$ 4,610,000	\$ 626,891	\$ 5,236,891
2017	1,490,000	488,016	1,978,016
2018	1,090,000	429,771	1,519,771
2019	675,000	386,123	1,061,123
2020	700,000	357,989	1,057,989
2021-2025	4,005,000	1,306,531	5,311,531
2026-2030	1,800,000	509,160	2,309,160
2031-2034	1,100,000	132,530	1,232,530
Total	<u>\$ 15,470,000</u>	<u>\$ 4,237,011</u>	<u>\$ 19,707,011</u>

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

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

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

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

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

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

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

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

	Minimum Amount Required By Bond Resolution	Cash and Investments Deposited in the Account
Repair and Replacement Reserve Account - June 30, 2015	\$ -	\$ 2,654,588
Repair and Replacement Reserve Account - June 30, 2014	\$ -	\$ 5,043,631

Pledged Revenues and Debt Service Requirements

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

Pledged Revenues - Year Ended June 30, 2015

Bond Issue	Purpose	Source of Revenue Pledged	Future Revenues Pledged ¹	Term of Commitment	Debt Service to Pledged Revenues
Auxiliary Facilities System (AFS)	Refundings, various improvements and additions to the System	Net AFS revenue, student tuition and fees	\$ 19,707,011	2033	7.15%

Pledged Revenues - Year Ended June 30, 2014

Bond Issue	Purpose	Source of Revenue Pledged	Future Revenues Pledged ¹	Term of Commitment	Debt Service to Pledged Revenues
Auxiliary Facilities System (AFS)	Refundings, various improvements and additions to the System	Net AFS revenue, student tuition and fees	\$ 24,940,529	2033	6.33%

¹ Total future principal and interest payments on bonds.

For the years ended June 30, 2015 and 2014, principal and interest paid by the University were \$5,233,519 and \$5,234,324, respectively. For the years ended June 30, 2015 and 2014, the total net revenues pledged were \$73,237,343 and \$82,657,507, respectively.

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12 LEASES

The University made rental payments under operating leases during 2015 and 2014 of \$68,563 and \$65,570, respectively, primarily for storage for surplus equipment, the shuttle buses, and various short-term equipment rentals.

13 CERTIFICATES OF PARTICIPATION

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

	2015	2014
\$9,730,000 Certificates of Participation, Series 2005; due in annual installments (principal only) of \$260,000 beginning February 15, 2008, to \$1,020,000 through February 15, 2025, interest ranges from 3.0% to 4.3%; certificates are subject to redemption, in whole, at the price of par (100%), plus accrued interest to the date fixed for redemption in the Event of Nonappropriation as defined in the Indenture and are subject to mandatory redemption, in whole, at the price of the principal amount, plus accrued interest, on February 15, 2025 should the Board renew the Purchase Contract. The certificates are also callable at the option of the Board on any date on or after February 15, 2015 at the price of the principal amount, plus accrued interest.	\$ 7,390,000	\$ 7,715,000
\$84,930,000 Certificates of Participation, Series 2009A; due in annual installments (principal only) of \$960,000 beginning April 1, 2013, to \$3,710,000 through April 1, 2036; interest ranges from 3.5% to 6.35%; certificates are subject to redemption, in whole, at the price of par (100%), plus accrued interest to the date fixed for redemption in the Event of Nonappropriation as defined in the Indenture. The certificates due April 1, 2020 and thereafter are also callable at the option of the Board on any date on or after April 1, 2019 at the price of the principal amount, plus accrued interest.	80,925,000	82,755,000
Total Certificates of Participation	<u>\$ 88,315,000</u>	<u>\$ 90,470,000</u>

Per the COPS Series 2005 and the COPS Series 2009A Official Statements, the Board is obligated to make installment payments either from funds derived from State appropriations or from legally available non-appropriated funds. Such legally available non-appropriated funds will include payments from the auxiliary facilities system using the savings derived from improvements within the system that are part of the energy services component of the issues. In addition, for the COPS Series 2005, such legally available funds include an increase in the campus improvement fee. The estimated annual amounts required for the payment of principal and interest on the outstanding Certificates of Participation as of June 30, 2015, are set forth in the following table:

Year ending June 30	Principal	Interest	Build America Subsidy ¹	Total
2016	\$ 2,415,000	\$ 5,175,391	\$ (1,704,865)	\$ 5,885,526
2017	3,650,000	5,065,069	(1,670,649)	7,044,420
2018	3,765,000	4,886,119	(1,612,986)	7,038,133
2019	4,120,000	4,693,019	(1,550,511)	7,262,508
2020	4,270,000	4,480,079	(1,487,182)	7,262,897
2021-2025	21,660,000	18,962,754	(6,422,259)	34,200,495
2026-2030	20,130,000	12,861,913	(4,501,669)	28,490,244
2031-2035	24,595,000	5,989,638	(2,096,373)	28,488,265
2036	3,710,000	235,585	(82,455)	3,863,130
Total	<u>\$ 88,315,000</u>	<u>\$ 62,349,567</u>	<u>\$ (21,128,949)</u>	<u>\$ 129,535,618</u>

¹ assuming no future effects from the Federal government's sequestration.

14 DEFINED BENEFIT PENSION PLANS

General Information about the Pension Plan

Plan Description. The University contributes to the State Universities' Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by 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 its web site at www.surs.org.

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 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 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% 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, 2014, SURS reported a net pension liability (NPL) of \$21,790,983,139. The net pension liability was measured as of June 30, 2013.

Employer Proportionate Share of Net Pension Liability. The amount of the proportionate share of the net pension liability to be recognized for the University is \$0. The proportionate share of the State's net pension liability associated with the University is \$510,532,400, or 2.3429%. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2014, and the total pension 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. At June 30, 2014, SURS reported a collective net pension expense of \$1,650,338,263.

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Employer Proportionate Share of Pension Expense. The employer proportionate share of collective pension expense should be recognized similarly to on behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2014. As a result, the University recognized on-behalf revenue and pension expense of \$38,665,128 for the fiscal year ended June 30, 2015.

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

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
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	<u>\$ 88,940,815</u>	<u>\$ 1,271,105,952</u>

Employer Deferral of Fiscal Year 2015 Pension Expense

The University paid \$120,181 in federal, trust or grant contributions for the fiscal 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

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:

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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	1%	2.50%
Total	100%	5.00%
Inflation		2.75%
Expected Geometrical Normal Return		7.75%

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 the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 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 System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
6.09%	7.09%	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.

15 POST EMPLOYMENT BENEFITS

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State-sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and their dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employees' Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits.

Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

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

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

16 SELF INSURANCE

The University is self insured for general liability through SURMA, the State Universities' Risk Management Association. SURMA is a cooperative agency voluntarily established by contracting with Illinois State Universities, as defined by various sections of Chapter 110 of the *Illinois Compiled Statutes*. Its purpose is to prevent or lessen casualty losses to State university properties and injuries to persons or property which might result in claims being made against the State university and which would not be defended by the Illinois Attorney General and paid for by the State of Illinois and in most cases adjudicated through the Court of Claims. Each participating University's portion of the premium was determined based upon an actuarial evaluation. The University carries commercial excess general liability coverage with coverage up to \$11 million with a \$350,000 self-insured retention. Settled claims have not exceeded commercial general liability coverage in any of the three preceding years. The University has recorded an allocation of SURMA's net position of \$537,790 and \$569,780 at June 30, 2015 and 2014, respectively, as an other noncurrent asset.

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

This plan is considered secondary or excess insurance if the student possesses any other medical insurance. This plan has a \$50 deductible per diagnosis per school year and allows benefits up to 80%, subject to some limitations. The lifetime maximum benefits of the plan are \$15,000 per diagnosis for medical services and \$5,000 for mental illness and substance abuse. Total claims of \$1,102,047 and \$1,144,246 were paid for the years ended June 30, 2015 and 2014, respectively.

The University has established a reserve for its self insurance costs to offset claims incurred but not submitted and the continuing rise of health care costs. This reserve is based on estimated ultimate cost of settling claims applying historical experience. Changes in the reserve balance for the years ended June 30, 2015 and 2014 are as follows:

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	2015	2014
Reserve balance, June 30 (prior year)	\$ 1,793,076	\$ 1,717,749
Transfers and fees	1,281,720	1,466,200
Administrative costs	(461,481)	(246,627)
Payment of claims	(1,102,047)	(1,144,246)
Reserve balance, June 30 (current year)	<u>\$ 1,511,268</u>	<u>\$ 1,793,076</u>

17 TRANSACTIONS WITH RELATED PARTIES

The University, being a State university, is a component unit of the State of Illinois (the State). The State provided the University \$42,902,858 and \$44,078,100 for general and educational purposes, \$21,000 and \$5,000 for scholarships, and \$514,755 and \$442,478 for certain capital improvements during fiscal years 2015 and 2014, respectively.

The University also received funds from the Capital Development Board (CDB), another agency of the State of Illinois. CDB administered various capital improvement projects at the University. During fiscal years 2015 and 2014, the University received \$958,332 and \$59,298, respectively, of capital improvements that were funded and paid for directly by CDB.

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

During the years ended June 30, 2015 and 2014, the University provided cash, services and other resources to the Foundation, totaling \$180,848 and \$210,228, respectively, to help defray the Foundation's costs incurred under the contract. During the years ended June 30, 2015 and 2014, the Foundation incurred expenses of \$128,431 and \$131,603, respectively, under the contract.

During the years ended June 30, 2015 and 2014, the Foundation gave the University \$1,755,133 and \$1,919,267 of cash, services, and resources, unrestricted or restricted only as to department, which are generally for on-going operations of the University. In addition, the Foundation gave the University restricted scholarships, grants, and awards of \$1,068,411 and \$1,006,250, respectively, during the years ended June 30, 2015 and 2014. Services and resources totaling \$76,827 and \$82,156, respectively, for the years ended June 30, 2015 and 2014, are included above, but not reflected in the financial statements. Also, the Foundation received \$33,847 and \$38,704, respectively, for the years ended June 30, 2015 and 2014, in gifts from the University's restricted gift account with the donor's consent.

The Eastern Illinois University Alumni Association, Inc. (Association) had an agreement with Eastern Illinois University to coordinate the University's alumni activities. The University agreed to provide the Association with money or in-kind services in an amount not to exceed the Association's cost of coordinating these activities. The Association has also agreed to pay the University for all facilities, services, and resources used. The payment is to be either in the form of money or its equivalent in services or resources. During the years ended June 30, 2015 and 2014, the University provided the Association with \$25,171 and \$16,952, respectively, in services in accordance with the contract.

In fulfilling its fiscal year 2015 and 2014 contracts with the University, the Association incurred \$104,065 and \$137,829, respectively, of expenses and \$51,385 and \$34,083, respectively, of in-kind expenses. Included in the fiscal years 2015 and 2014 expenses of \$104,065 and \$137,829, respectively, are unrestricted gifts, grants, and scholarships of \$19,693 and \$17,467, respectively, to the University. In addition, the Association provided the use of its facilities at no charge to the University. The value of these facilities was \$45,211 and \$47,724, respectively, for the years ended June 30, 2015 and 2014.

18 COMMITMENTS AND CONTINGENT LIABILITIES

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

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

19 NATURAL CLASSIFICATIONS OF EXPENSES

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

	2015	2014
Salaries	\$ 103,062,828	\$ 109,499,153
Benefits	77,465,870	73,393,691
Supplies	4,005,528	4,367,799
Contractual services	9,900,892	12,222,881
Utilities	11,318,701	12,199,762
Travel	1,208,768	1,584,249
Repairs and maintenance, equipment and buildings	1,737,474	2,110,433
Scholarships	10,938,956	11,901,389
Other	6,290,113	7,021,855
Depreciation	16,158,469	15,848,110
	<u>\$ 242,087,599</u>	<u>\$ 250,149,322</u>

20 DISCLOSURES OF COMPONENT UNITS

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

Cash and Cash Equivalents

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

Investments

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

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

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The long-term objective of the endowment funds, as determined by the Board of Directors, is to achieve a total return in excess of its current spending rate policy over a twenty-year time horizon. The current rate of the spending rate policy is 5% per year, comprised of a 4.25% spending rate and 0.75% for administrative expenses. In addition to achieving the 5% spending rate policy, the policy asset allocation is designed to cover the costs of inflation, investment management/consulting fees, and other related costs. The spending allowance calculation is determined by taking the spending rate (currently 5%) times the investment portfolio's trailing twelve-quarter average market value, as of June 30 of each year. Any remaining return over the 5% spending rate will be retained for use in future years. As of June 30, 2015 and 2014, net appreciation of \$16,212,193 and \$18,290,706, respectively, is available to be spent, but is restricted to specific purposes.

Interest Rate Risk

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

Effective Maturity	At June 30, 2015		
	0-1 Years	1-5 Years	6-10 Years
Illinois Funds	\$ 8,063,040	\$ -	\$ -
Money Market Funds	2,302,718	-	-
Mutual Bond Funds	-	2,370,729	10,043,966
	<u>\$ 10,365,758</u>	<u>\$ 2,370,729</u>	<u>\$ 10,043,966</u>

Effective Maturity	At June 30, 2014		
	0-1 Years	1-5 Years	6-10 Years
Illinois Funds	\$ 9,292,362	\$ -	\$ -
Money Market Funds	1,207,931	-	-
Mutual Bond Funds	-	2,770,711	9,771,601
	<u>\$ 10,500,293</u>	<u>\$ 2,770,711</u>	<u>\$ 9,771,601</u>

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

Credit Risk

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

Quality Rating	At June 30, 2015	
	AAA	Not Rated
Illinois Funds	\$ 8,063,040	\$ -
Money Market Funds	80,224	2,222,494
Mutual Bond Funds	-	12,414,695
	<u>\$ 8,143,264</u>	<u>\$ 14,637,189</u>

Quality Rating	At June 30, 2014	
	AAA	Not Rated
Illinois Funds	\$ 9,292,362	\$ -
Money Market Funds	140,297	1,067,634
Mutual Bond Funds	-	12,542,312
	<u>\$ 9,432,659</u>	<u>\$ 13,609,946</u>

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

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Custodial Credit Risk

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the Foundation would not be able to recover value of deposits, investments or collateral securities that are in the possession of an outside party. The Foundation's policy does not address custodial credit risk. One hundred percent of the Foundation's investments are held by a custodian in the Foundation's name and are not subject to creditors of a custodial bank.

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

Concentration Risk

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

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

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

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

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

	At June 30, 2015		
	Current	Noncurrent	Total
Cash and cash equivalents	\$ 757,297	\$ -	\$ 757,297
Restricted cash and cash equivalents	5,453,996	1,851,747	7,305,743
Restricted investments	6,599,498	23,085,461	29,684,959
Other current investments	2,767	-	2,767
Endowment investments	-	48,079,324	48,079,324
Total cash and investments	\$ 12,813,558	\$ 73,016,532	\$ 85,830,090

	At June 30, 2014		
	Current	Noncurrent	Total
Cash and cash equivalents	\$ 636,011	\$ -	\$ 636,011
Restricted cash and cash equivalents	4,237,497	4,418,854	8,656,351
Restricted investments	5,527,468	26,925,075	32,452,543
Other current investments	32,000	-	32,000
Endowment investments	-	42,347,780	42,347,780
Total cash and investments	\$ 10,432,976	\$ 73,691,709	\$ 84,124,685

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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

	2015	2014
The Illinois Funds money market accounts	\$ 8,063,040	\$ 9,292,362
Money market accounts administered by First-Mid-Illinois Bank and Trust	80,224	140,297
Money market accounts administered by Charles Schwab & Co., Inc.	2,222,494	1,067,634
Investments administered by Charles Schwab & Co., Inc.		
Open Ended Mutual Bond funds	12,414,695	12,542,312
Open Ended Mutual Equity funds	37,763,004	36,955,181
Corporate Equity - Student Investment	187,029	144,674
Investments administered by First Mid-Illinois Bank		
Corporate Equity - Cooperatives Stock	-	1,786
Alternative Investments		
Investments administered by Corbin Pinehurst	6,830,874	6,551,489
Investments administered by Mercer	7,606,909	6,746,522
Investments administered by Neuberger Berman	179,268	49,744
Investments administered by Park Street Capital	1,016,475	1,177,459
Investments administered by Goldman Sachs	681,246	799,255
Investments administered by Portfolio Advisors	1,789,762	1,141,423
Investments administered by Montauk	357,602	328,070
Life insurance cash values	117,707	106,343
Real estate	6,519,761	7,080,134
	<u>\$ 85,830,090</u>	<u>\$ 84,124,685</u>
Total cash and investments	<u>\$ 85,830,090</u>	<u>\$ 84,124,685</u>

Long-Term Liabilities

The Foundation had amounts due to others as of June 30, 2015 and 2014, in the total amounts of \$4,051,195 and \$5,760,412, respectively. These liabilities arose as the Foundation acts as the trustee for certain trusts. Also, the Foundation has control of the assets under certain split interest agreements which will eventually need to be paid to outside parties.

21 SUBSEQUENT EVENT

As of the date of these financial statements, the State of Illinois has not adopted a budget, and therefore, has not provided an appropriation to the University. An extended delay and/or eventual reduction in State appropriations may cause a financial burden to the University.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED 30, 2015

Schedule of the University's Proportionate Share of the Net Pension Liability

	<u>2015</u>
University's Proportion Percentage of the Collective Net Pension Liability	
(a) Proportionate percentage of the collective net pension liability	0%
(b) Proportionate amount of the collective net pension liability	\$ -
(c) Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with employer	\$ 510,532,400
Total (b) + (c)	\$ 510,532,400
University covered employee payroll	\$ 97,778,632
University's Proportion of collective net pension liability associated with employer as a percentage of covered-employee	522.13%
SURS Plan Net Position as a percentage of total pension liability	44.39%

Schedule of the University's Contributions

Federal, trust, grant, and other contributions	\$ 120,181
Contribution in relation to required contribution	\$ 120,181
Contribution deficiency (excess)	\$ -
University covered employee payroll	\$ 97,778,632
Contributions as a percentage of covered-employee payroll	0.12%

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED 30, 2015

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, 2014.

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 collective pension liability since the prior measurement date.

Covered Payroll

The definition of covered payroll in GASB Statement Number 25, *Financial Reporting for Defined Benefit Pension Plans*, was changed in GASB Statement Number 67, *Financial Reporting for Pensions*. Below are the definitions from the glossaries of both statements.

GASB 25 Covered Payroll. All elements included in compensation paid to active employees on which contributions to a pension plan are based. For example, if pension contributions are calculated on base pay including overtime, covered payroll includes overtime compensation.

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

OTHER INFORMATION

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 UNAUDITED DATA REQUIRED BY REVENUE BOND RESOLUTIONS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE OF INSURANCE

Insurance Coverage:

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

	<u>Coverage Amount</u>	<u>Deductible</u>
Most building, contents, business interruption, electronic data processing, and builder's risk	\$ 500,000,000	\$ 25,000
Boiler and machinery	\$ 100,000,000	\$ 25,000
Flood	\$ 100,000,000	\$ 25,000
Earthquake	\$ 100,000,000	\$ 25,000

Insurance company: Lexington Insurance Company

Policy period: July 1, 2014 to July 1, 2015

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 UNAUDITED DATA REQUIRED BY REVENUE BOND RESOLUTIONS (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

RATES	<u>Double Occupancy</u>	<u>Single Occupancy</u>
Residence halls		
Summer 2014 (8 week session)	\$ 1,537	\$ 1,926
Fall 2014		
7 meals	\$ 4,150	\$ 5,000
10 meals	4,335	5,185
12 meals	4,498	5,348
15 meals	4,679	5,529
Spring 2015		
7 meals	\$ 4,150	\$ 5,000
10 meals	4,335	5,185
12 meals	4,498	5,348
15 meals	4,679	5,529
Summer 2015 (8 week session)	\$ 1,537	\$ 1,926

RATES	<u>Efficiency</u>	<u>One Bedroom</u>	<u>Super Efficiency</u>
Married student housing (monthly rent)			
Fall 2014	\$ 478	\$ 503	\$ 448
Spring 2015	\$ 478	\$ 503	\$ 448
Summer 2015	\$ 478	\$ 503	\$ 448

	<u>Range</u>			
University Court (semester)				
Fall 2014	\$ 2,412	to	\$ 3,548	
Spring 2015	\$ 2,412	to	\$ 3,548	
Summer 2015 (8 week session)	\$ 960	to	\$ 1,078	

	<u>Fees</u>
Bond revenue fees	
Summer 2014	\$ 447.28
Fall 2014	\$ 451.08
Spring 2015	\$ 451.08
Summer 2015	\$ 451.08

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 UNAUDITED DATA REQUIRED BY REVENUE BOND RESOLUTIONS (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

ENROLLMENT DATA

<u>Enrollment Date</u>	<u>Undergraduate Students</u>	<u>Graduate Students</u>	<u>Extension Students</u>	<u>Total</u>
Summer 2014	1,459	672	1,209	3,340
Fall 2014	6,933	1,112	868	8,913
Spring 2015	6,245	1,083	886	8,214
Summer 2015	1,105	586	1,386	3,077

OCCUPANCY DATA

<u>OCCUPANCY</u>	<u>Occupancy</u>	<u>Rated Occupancy</u>	<u>% of Occupancy</u>
Residence halls			
Summer 2014	80	150	53%
Fall 2014	2,612	4,689	56%
Spring 2015	2,435	4,689	52%
Summer 2015	68	150	45%
Married student housing			
Summer 2014	54	130	42%
Fall 2014	86	130	66%
Spring 2015	78	130	60%
Summer 2015	37	130	28%
University Court			
Summer 2014	60	146	41%
Fall 2014	142	146	97%
Spring 2015	138	146	95%
Summer 2015	75	146	51%



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

Honorable William G. Holland
Auditor General
State of Illinois
and
Board of Trustees
Eastern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Eastern Illinois University and its aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Eastern Illinois University's basic financial statements, and have issued our report thereon dated December 17, 2015. Our report includes a reference to other auditors who audited the financial statements of Eastern Illinois University's discretely presented component units, as described in our report on Eastern Illinois University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Illinois University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Peoria, Illinois
December 17, 2015

STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CURRENT FINDING – GOVERNMENT AUDITING STANDARDS

None

PRIOR FINDINGS NOT REPEATED

None