



# Financial Report

Prepared for presentation to the Board of Trustees

January 18, 2018

1. Year to date (Nov. 30) Revenue and Expense Trends
2. Capital Spending, Facility Renovations & Debt Financing

# Year to Date (Nov 30) Revenue and Expense Trends

# Revenue Trends (YTD Nov. 30)

<b>Revenue Source</b>	<b>FY17</b>	<b>FY18</b>	<b>\$ Change</b>	<b>% Change</b>
Tuition & Fees	\$789.2 M	\$813.8 M	\$24.6 M	+3.1%
State Appropriation (Prorated)	\$148.2 M	\$370.3 M	\$222.1 M	+149.9%
Research Grants	\$323.8 M	\$312.4 M	(\$11.4) M	-3.5%
Patient Care	\$372.3 M	\$430.4 M	\$58.1 M	+15.6%
Other Sources	\$464.2M	\$474.6M	\$10.4M	+2.2%
<b>TOTAL</b>	<b>\$2097.7M</b>	<b>\$2,401.5M</b>	<b>\$303.8 M</b>	<b>+14.5%</b>

# Expense Trends (YTD Nov. 30)

<b>Expenses</b>	<b>FY17</b>	<b>FY18</b>	<b>\$ Change</b>	<b>% Change</b>
Compensation	\$861.6 M	\$863.4 M	\$1.8 M	+0.2%
Supply & Services	\$588.1M	\$571.5 M	(\$16.6 M)	-2.8%
Student Aid	\$302.2 M	\$312.6 M	\$10.4 M	+3.4%
Depreciation	\$106.3 M	\$109.5 M	\$3.2 M	+3.0%
<b>TOTAL</b>	<b>\$1,858.2M</b>	<b>\$1,857.0 M</b>	<b>(\$1.2 M)</b>	<b>-0.1%</b>

-1%

# Capital Spending, Physical Facilities & Debt Financing

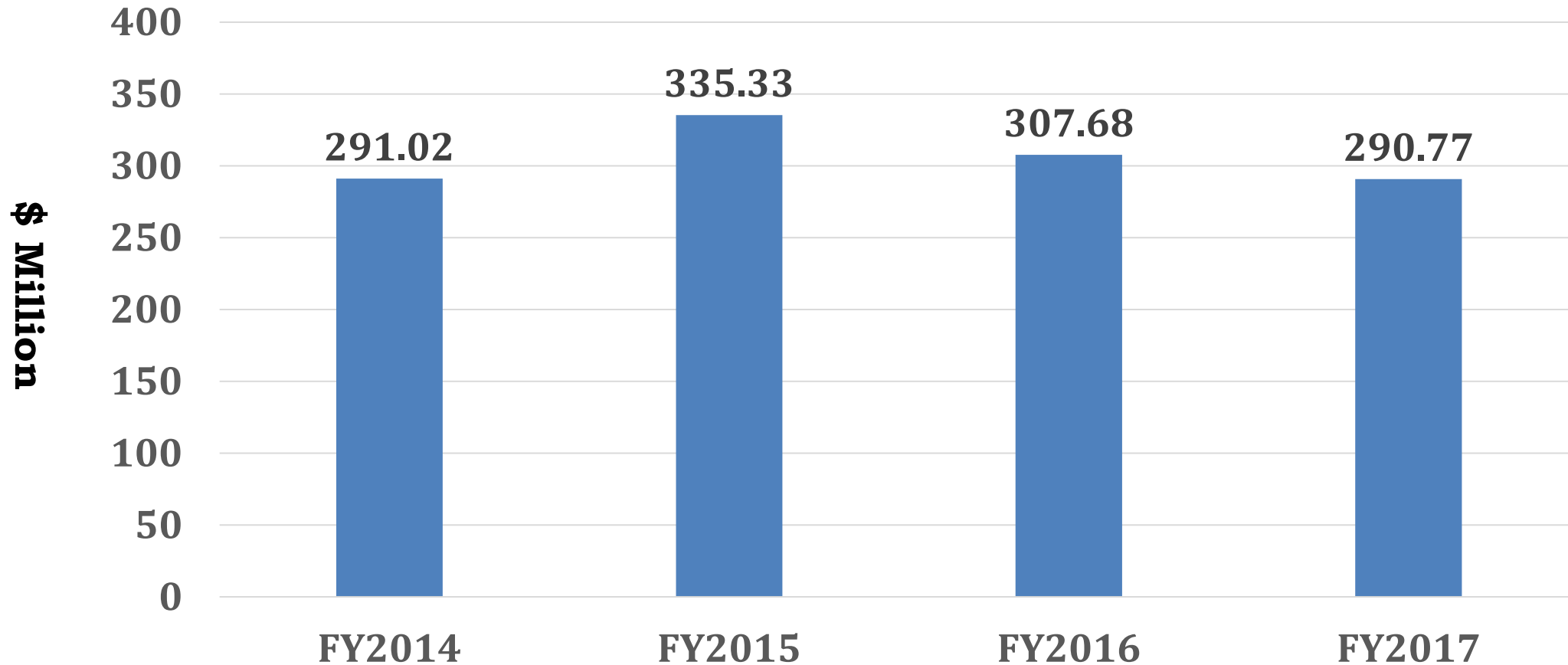
# Capital Spending: Investing in Long Term Institutional Needs

## Capital Spending on Facilities FY2014 – FY2017

Total \$1.225 billion

# Facility Construction, Repair and Renovation

**FY14 – FY17 Total \$1.225 Billion**





# Purpose of Projects

New Buildings 12%

Utilities 12%

Renovations 38%

Maintenance 38%

Data for FY14 – FY17

# Activity By Location

	> 5 Million	< 5 Million
Urbana	\$493.39 M	\$319.87 M
Springfield	\$17.89 M	\$10.13 M
Chicago	\$190.52 M	\$187.01 M
System	-	\$5.96 M

Data for FY14 – FY17

# Types of Facilities

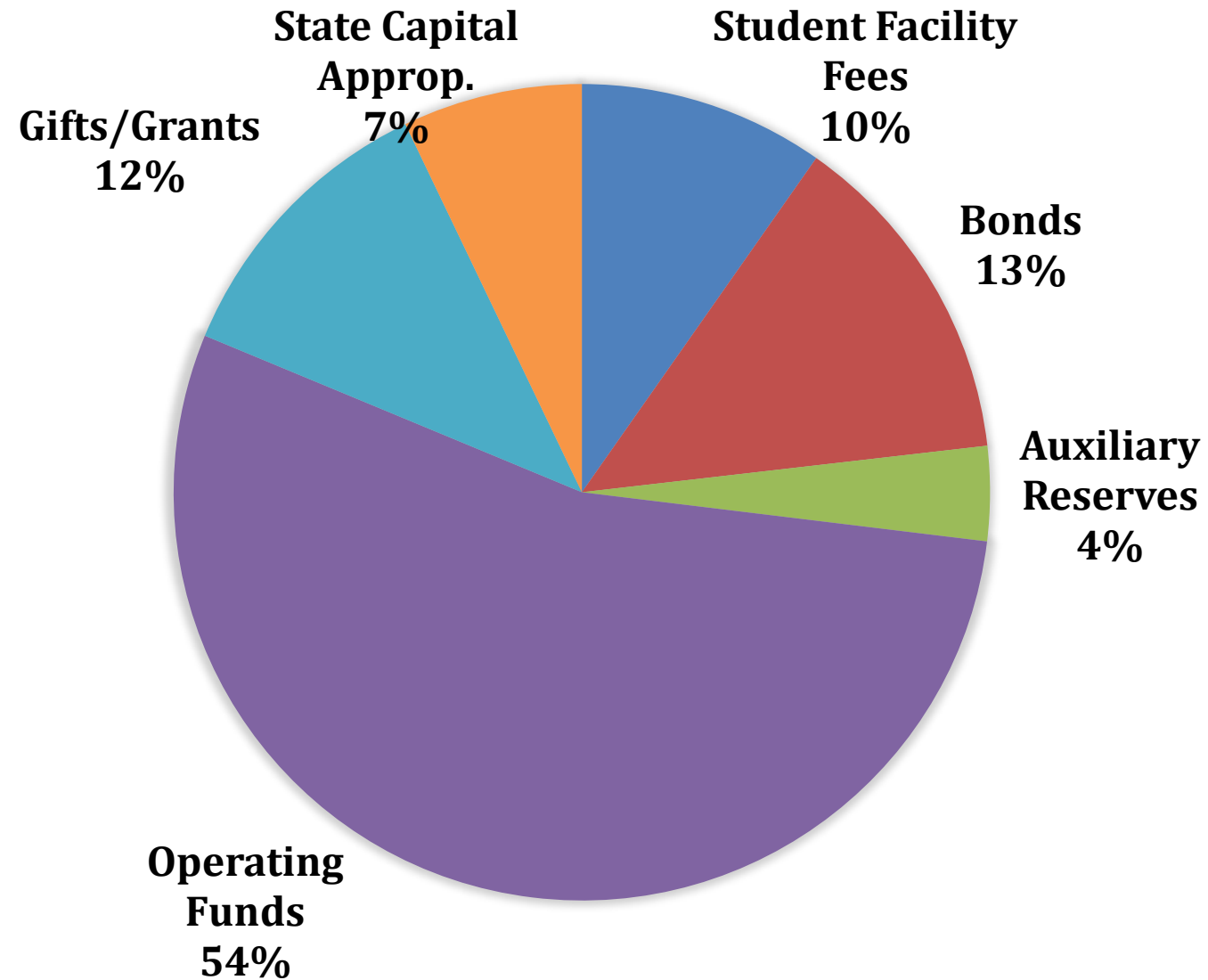
**Projects > 5 million Only**

	Urbana	Chicago	Springfield
Academic	\$210.4 M	\$61.3M	\$19.8 M (1)
Auxiliary	\$84.1 M	--	
Energy Retrofit	\$31.6 M	\$56.8 M	
Athletic	\$163.5 M	\$9.9 M	
Hospital/Clinic	--	\$54.6 M	
Utility	\$9.6 M		

(1) Student Union Building

Data for FY14 – FY17

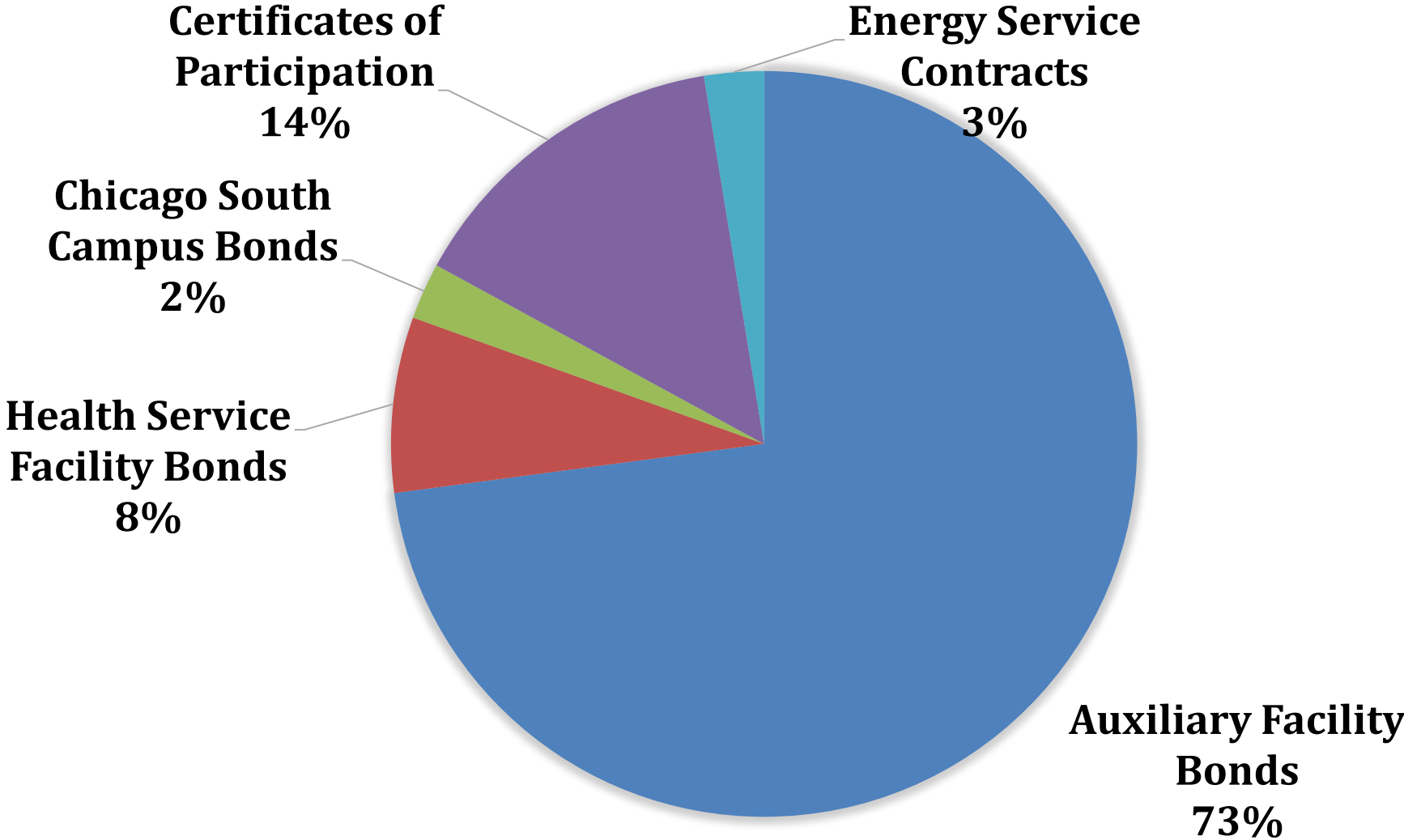
# How Were the Projects Funded?



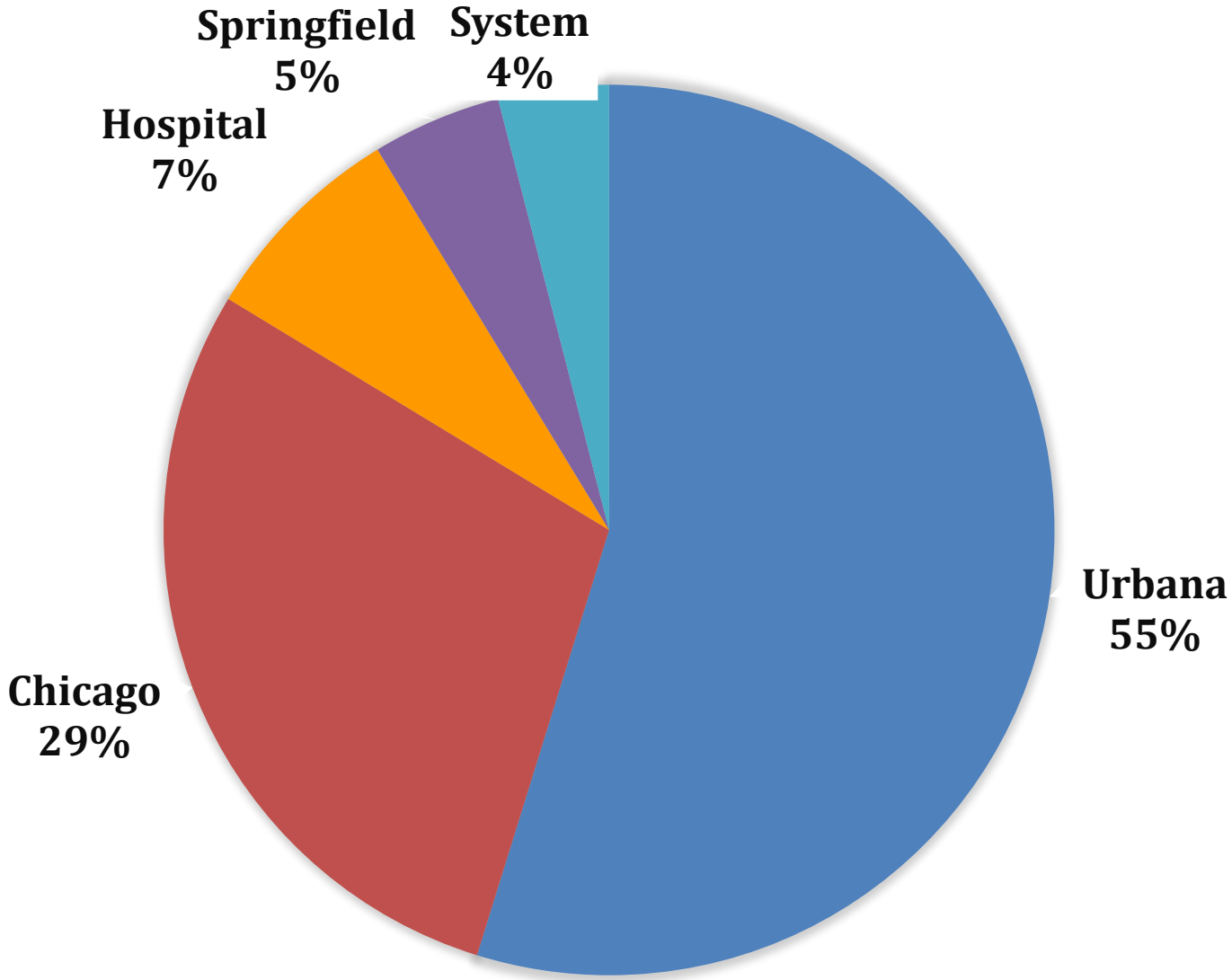
# Debt Financing & Debt Capacity

**\$1.5 Billion of Debt**  
**Used to Finance Variety of Projects**

# FIVE CATEGORIES OF LONG - TERM DEBT



# Outstanding Debt by Unit





# Debt Category by Unit

	Urbana	Chicago	UIS	System
AFS	\$685M	\$319M	\$69M	
HSFS		\$112M		
South Campus Bonds		\$36M		
COP	\$110M	\$44M		\$59M
ESCO	\$11M	\$26M		
<b>Total</b>	<b>\$806M</b>	<b>\$537M</b>	<b>\$69M</b>	<b>\$59M</b>

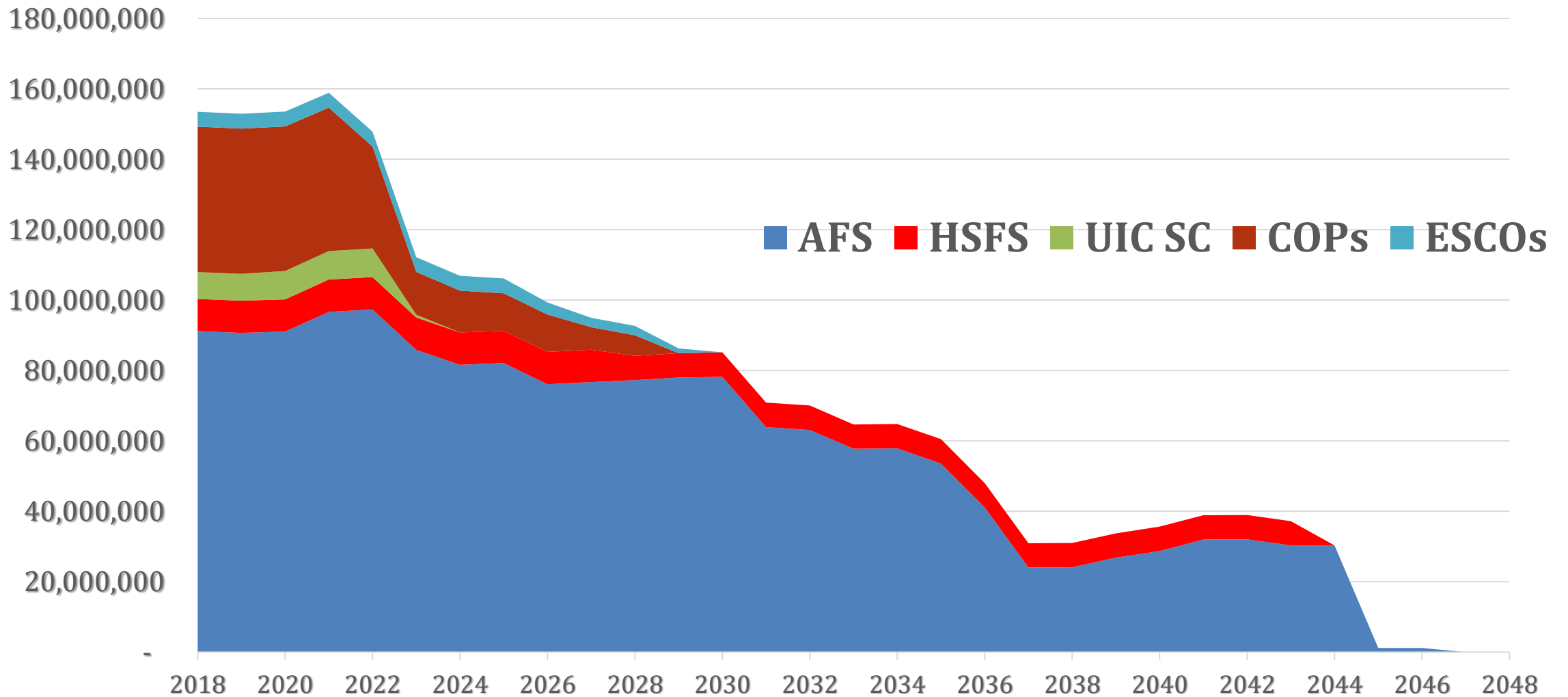
AFS: Bonds to fund Auxiliary facility; HSFS: Bonds to fund hospital facilities; COP Certificates of Participation issued by university; ESCO: Energy savings project financing

# FY2018 Debt Servicing Cost

Total (Principal + Interest)	\$153.5 Million
Interest Only	\$64.8 Million
Principal Payment	\$88.7 Million

# Annual Debt Service 2018 - 2048

FY18 Debt Service Cost \$153.5 million



# Ratings for University Issued Bonds

# Bond Rating Criteria

## Quantitative Factors

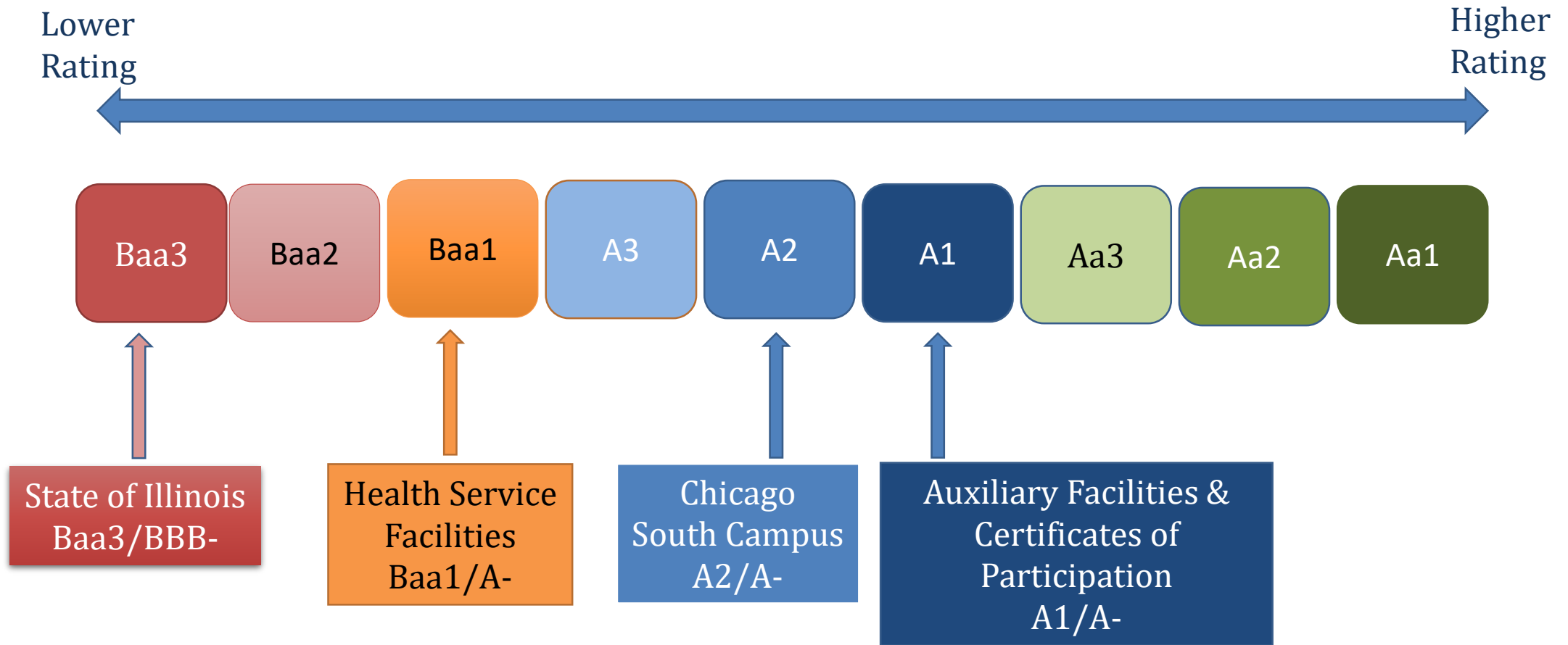
- Revenue Growth
- Operating Margin
- Cash Flow
- Debt Service Coverage
- Liquidity
- Overall Financial Resources

## Qualitative Factors

- Overall Reputation
- Student Demand
- Market Position
- Governance
- Capital Planning

Federal and State Policies  
Macroeconomic Conditions

# State and University Bond Ratings

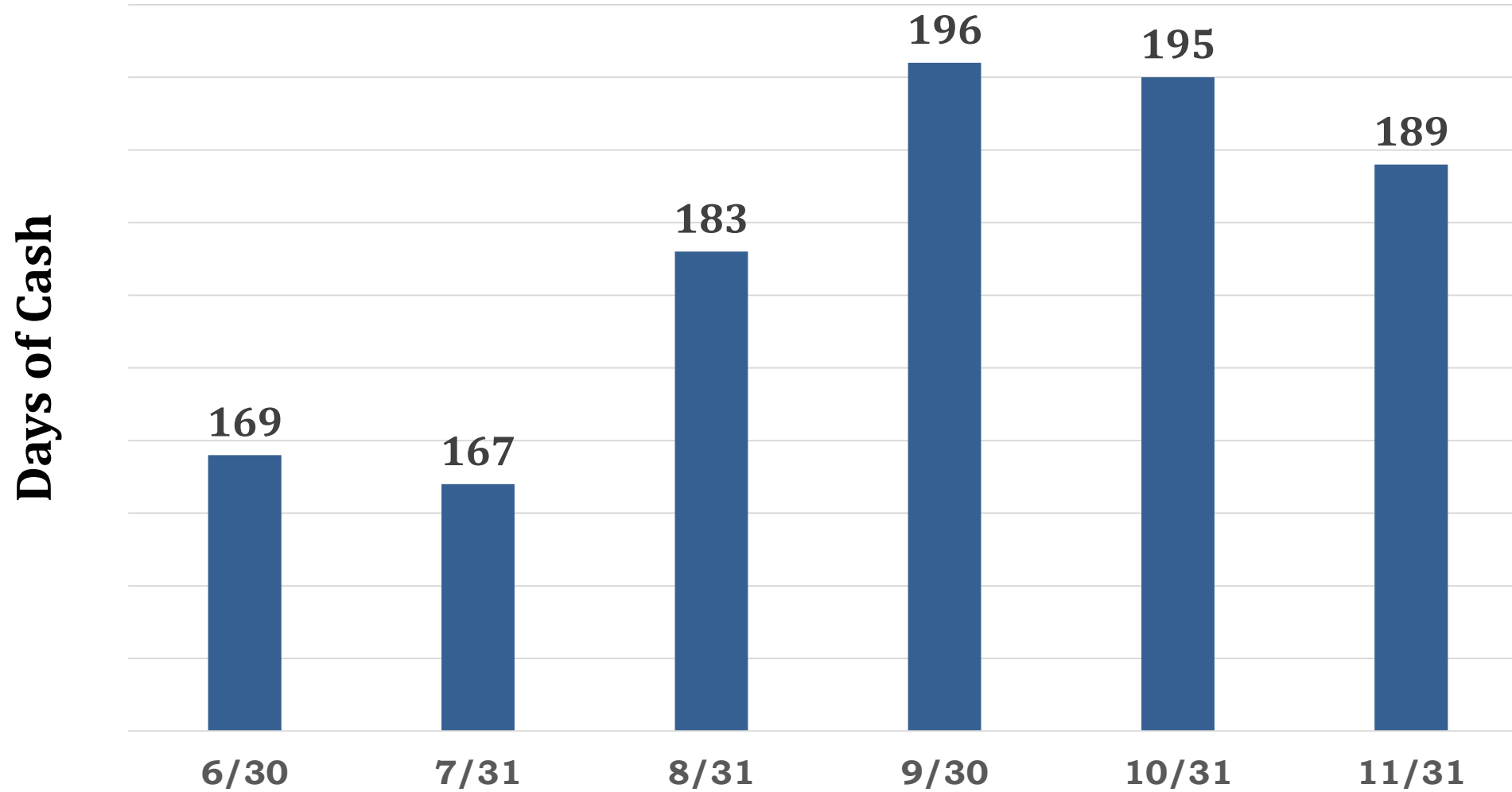


Weighted Average Cost of Capital 4.58%

# Debt Rating Comparisons

Indicator	Univ. of Illinois FY2017	Median Aa3	Median A1 Rating	Median Comprehensive Public
Annual Debt Service Coverage	3.0	2.8	2.5	2.6
Total Debt to Cash Flow	4.1	4.7	6.0	4.6
Total Debt to Capitalization	19.3%	27.0%	36.6%	38.3%
Monthly Days Cash on Hand	148.9	156.7	166.1	172.5
Spendable Cash & Investments to Total Debt	2.3	1.2	0.9	1.3

# DAYS CASH ON HAND FY2018





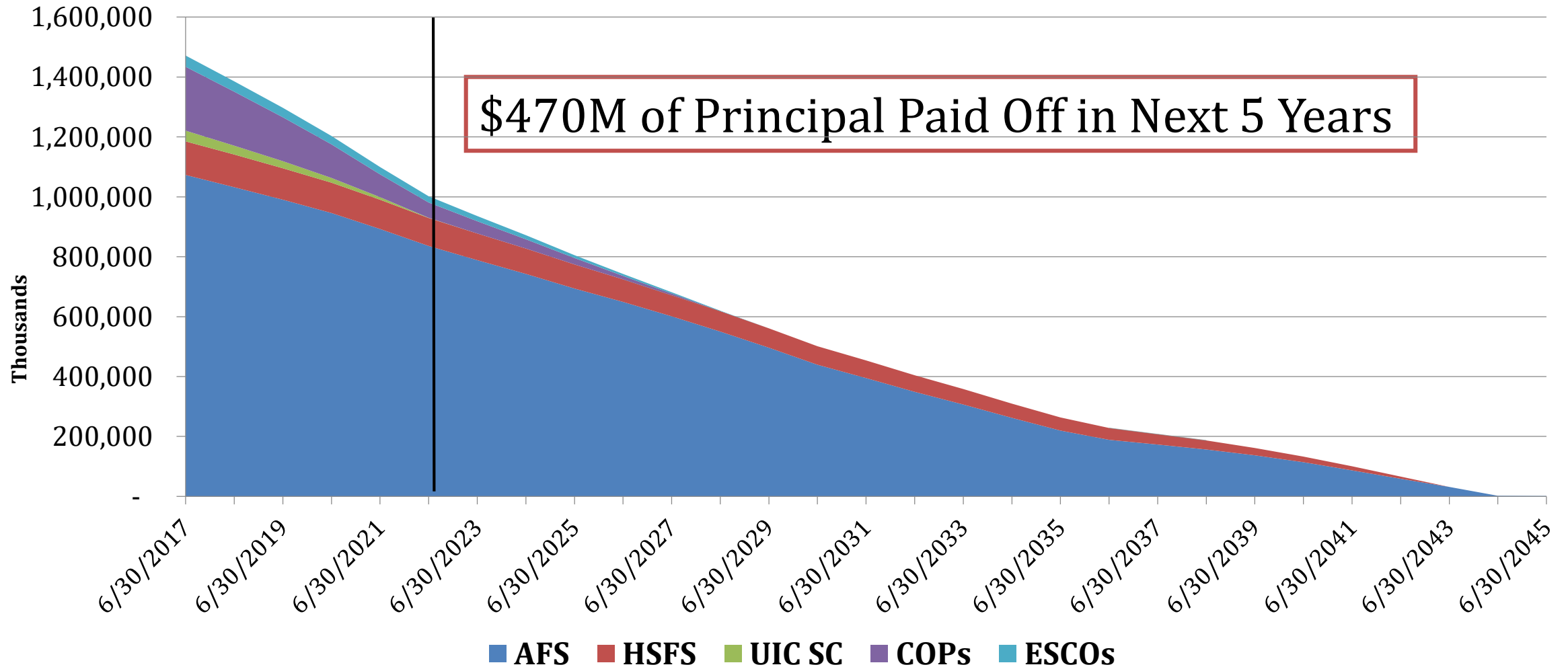
I. Issue Additional Debt (Maintain Bond Rating)

II. Replace Retiring Bonds

# I. Existing Capacity for Additional Debt

Indicator	Univ. of Illinois FY2017	+\$300M	Median A1 Rating
<b>Annual Debt Service Coverage</b>	3.0	2.6	2.5
<b>Total Debt to Cash Flow</b>	4.1	4.9	6.0
<b>Total Debt to Capitalization</b>	19.3%	22.2%	36.6%
<b>Monthly Days Cash on Hand</b>	148.9	148.5	166.1
<b>Spendable Cash &amp; Investments to Total Debt</b>	2.3	1.9	0.9

## II. Additional Capacity Through Replacement



# Are We Investing Enough in Capital Projects?

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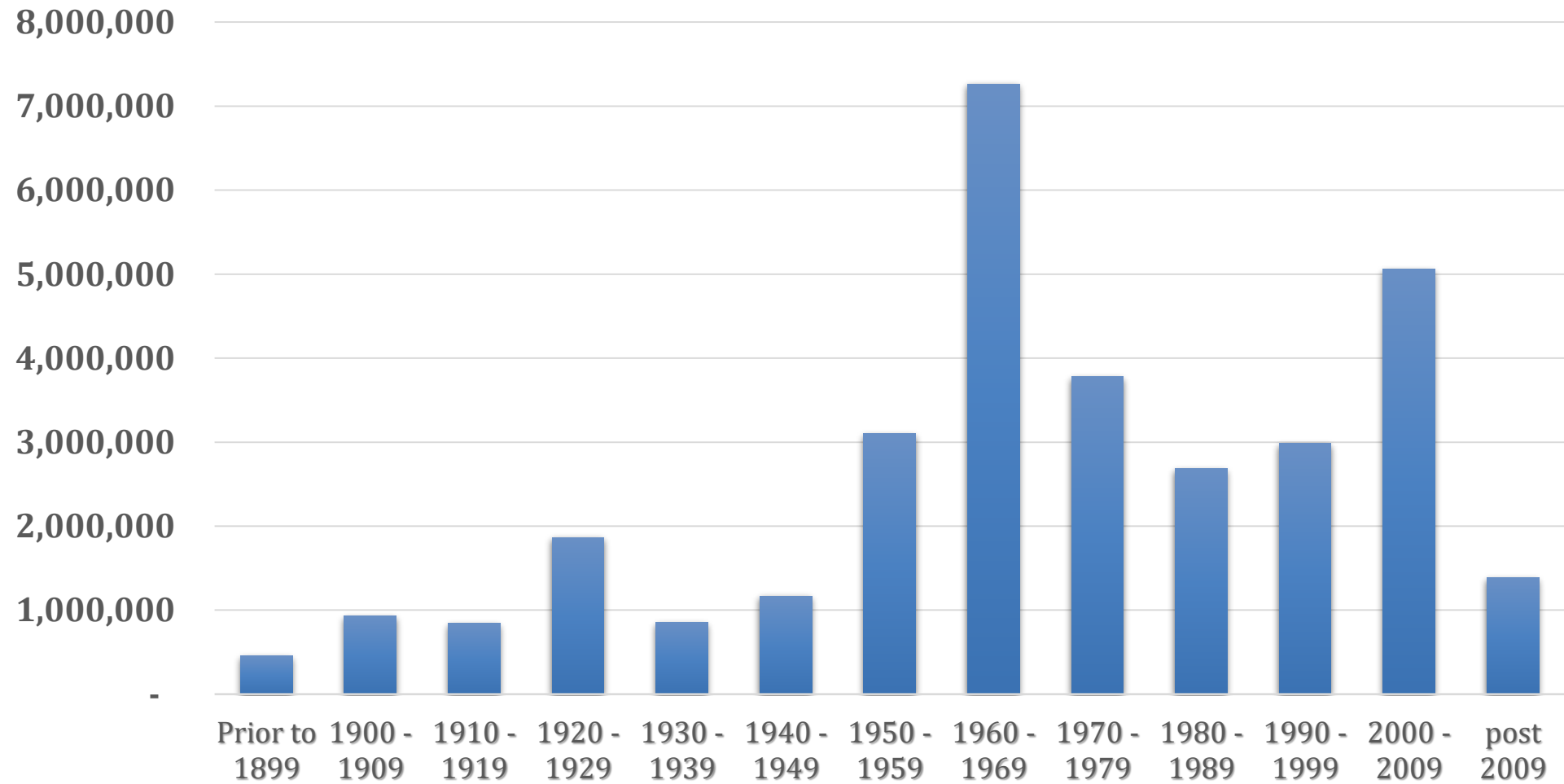
	FY14	FY15	FY16	FY17
Capital Spending Ratio (1)	1.26	1.40	1.32	1.16
Capital Investment to Operations (%) (2)	6.9%	7.3%	7.0%	6.2%

**(1) Purchase of Capital Assets / Depreciation**

**(2) Purchase of Capital Assets / (Operating Expenses – Depreciation)**

# Age of University Buildings

Total  
GSF



**Outstanding deferred maintenance  
estimated at \$1.75 - \$2.0 billion\***

\* Source: IBHE Technical Question, Campus Facilities and Services

**New facility needs to support education and  
innovation missions**

- Project Appraisal and Prioritization
- Balance Among Different Facility Needs
- Sustainability and Environmental Standards
- Focus on Life-Cycle and Construction Costs
- Prudent Funding Model
- Long-term (5 – 10 years) View



