FINANCIAL REPORT

Prepared for presentation to the Board of Trustees
July 13, 2017
Since May BOT Meeting

- State legislature approves an FY 2018 budget providing a $583 million appropriation for the System including the Prairie Research Institute and hospital
- An additional $300 million appropriation was approved for FY 2017 bringing total appropriation to $650 million
- Monetary Award Program appropriations were approved for both FY 2018 and FY 2017; no new capital projects; existing capital projects were re-appropriated
- State transfer to Medicaid Trust Fund approved for FY 2018; limited sharing of normal pension costs for certain employees
- State Comptroller ordered to accelerate managed care Medicaid payments
- Moody’s Investor Service downgrades the University to an A1 rating from an Aa3 and downgrades the hospital to Baa3
- Standard & Poor’s downgrades the University’s rating to an A- on the heels of the State downgrade to BBB-
- 103 FTEs (purchasing, grants and contracts, and budget units) were transferred from the System Office to the universities on July 1st
- FY 2018 University Operating Budget and related documents are in process targeting September Board meeting for consideration
State of Illinois – General Revenue Fund
Estimated Accumulated Unpaid Vouchers and % of Appropriation

Total Accounts Payable at Fiscal Year End

Dollars in Billions

No full state budget enacted in FY16 or FY17.
Appropriations based on CGFA Budget Summaries.
University of Illinois
Appropriation for FY 2014 – FY 2018
(Dollars in Millions)

Total Enrollment Fall 2016 over 81,400

Dollars in Millions (Constant FY2018 est. CPI)

<table>
<thead>
<tr>
<th>Year</th>
<th>GRF/EAF</th>
<th>CMS Health Insurance</th>
<th>Survey Transfer</th>
<th>Rescission</th>
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<td>FY14</td>
<td>$600</td>
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<tr>
<td>FY15</td>
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<td>FY16 Stop Gap</td>
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<td>FY17</td>
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<td>FY18</td>
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FY 17 & FY18 CPI estimated at 1.5%
State and Tuition FY 2006 – FY 2018

- Total Enrollment FY 2006 over 72,100
- Total Enrollment FY 2017 over 81,400

Dollars in Millions (constant estimated 2018 CPI)

Sources: Budget Summary for Operations; FY16 & FY17 from Budget Allocation By Source of Funds. State includes GRF and all other state fund appropriations. State for FY02–FY18 excludes $24.9M for Health Insurance. State Surveys are included in State beginning in FY09. Assumes 1.5% inflation in FY17 & FY18.
State Appropriation Revenue
Billings and Collections through June 30, 2017

Dollars in Millions

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
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</tbody>
</table>

Note: FY16 appropriation not enacted until April 2016. Additional FY17 appropriation enacted 7/6/17.
Income Fund (Tuition) Revenue

Fiscal Years 2013 – 2017
Billings and Collections through June 30th

*preliminary
Hospital Revenue/Expense/Net Income
Fiscal Year 2015 - 2017 through May 31st

Fiscal Year 2015: Budget $701.2, Revenue $751.5, Expense $754.3
Fiscal Year 2016: Budget $821.3, Revenue $820.0, Expense $822.4
Fiscal Year 2017: Budget $888.4, Revenue $884.6, Expense $873.0
Payments on Behalf
Fringe Benefits
FY 2007 – FY 2017

Dollars in Millions

- Fringe Benefits
- Health Insurance Transfer

*Estimated: Fringe benefits based on 5 year average increase.
State of Illinois Employees’ Group Health Insurance Liability

Liability per Participant

FY 2008 – FY 2018

State of Illinois Unfunded Public Pension Obligations
(SERS, SURS, JRS, GARS, TRS)

(At end of Fiscal Year, FY 2003-04 sale of Pension Bonds).
Using Actuarial Accrued Liability at Market Value without asset smoothing.
Payments on Behalf
State University Retirement System
FY 2007 – FY 2017

Dollars in Millions

FY 2013: $212M  FY 2014: $397M  FY 2015: $467M
FY 2016: $527M  FY 2017*: $652M

*Estimated:
Retirement based on estimated historical share of SURS funding. Normal cost and prior under-funding are estimated. Tier II effective January 1, 2011.

FY16 reflects GASB 68 changes and reflects “pension revenue recognized” and not actual payments made to SURS.