Western Michigan University

General Purpose Financial Report

June 30, 2017

Contents

plante moran

Plante & Moran, PLLC
Suite 300
750 Trade Centre Way
Portage, MI 49002
Tel: 269.567.4500
Fax: 269.567.4501
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Western Michigan University

Report on the Financial Statements

We have audited the accompanying financial statements of Western Michigan University, a component unit of the State of Michigan, and its aggregate discretely presented component units (the "University") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise Western Michigan 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 an opinion on these financial statements based on our audits. 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The discretely presented component units were not audited under *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Michigan University and its aggregate discretely presented component units as of June 30, 2017 and 2016, and the changes in its financial position and, where applicable, cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Western Michigan University

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension funding progress, and schedule of contributions 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, which 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2017 on our consideration of the Western Michigan University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Western Michigan University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 5, 2017

The following discussion and analysis of Western Michigan University’s (the “University”) financial statements provides an overview of the University’s financial activities for the year ended June 30, 2017. Management has prepared the financial statements and the related disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with University management.

Western Michigan University is a national research university enrolling over 23,000 students from across the United States and 100 other countries. Founded in 1903, it is a learner-centered, discovery-driven and globally engaged public university that stands out among America’s more than 4,600 higher education institutions. The University offers 149 bachelor’s, 75 master’s and 32 doctoral programs. These programs are offered through seven degree-granting colleges: arts and sciences, aviation, education and human development, engineering and applied sciences, fine arts, Haworth College of Business, and health and human services. Western Michigan University is one of only 90 universities in the nation with both a medical school and a law school under its aegis.

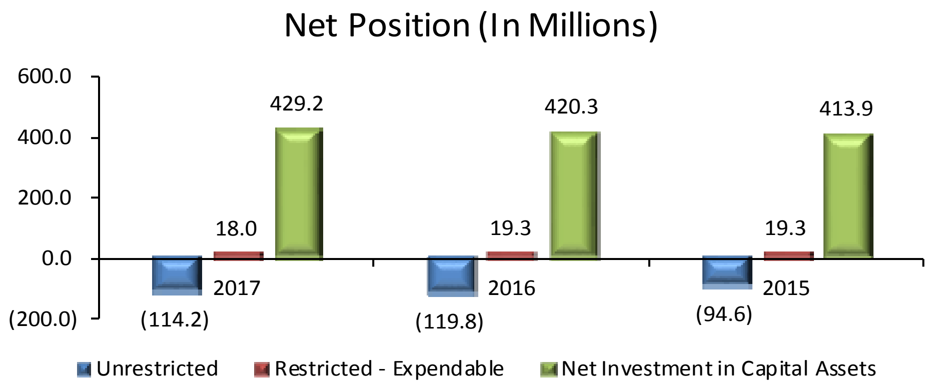
The Carnegie Foundation for the Advancement of Teaching places Western Michigan University among the 76 public institutions in the nation designated as research universities with high research activity. In addition, the Foundation also places Western Michigan University as one of six Michigan universities categorized at either the "higher" or "highest" levels of research activity. U.S. News & World Report’s annual ranking of American colleges and universities includes Western Michigan University as one of the best national universities for 26 years in a row.

Financial Highlights

The University’s financial position remained strong at June 30, 2017, with assets and deferred outflows of $1.151 billion and liabilities and deferred inflows of $817.8 million.

The University invests its working capital to maximize total return, with an appropriate level of risk. The University’s holdings are invested in short-, intermediate-, and long-term investment pool accounts. The investment strategy governing the endowment assets seeks to maximize total return over the long run.

The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2017, 2016, and 2015:



Unrestricted net position includes long-term liabilities recently required to be accrued for by the Governmental Accounting Standards Board (GASB). These liabilities consist of other post-employment benefits and the net pension liability from a statewide, cost-sharing, multiple-employer defined benefit plan. The University's unrestricted net position calculated without these liabilities continues to remain positive. The University has committed the unrestricted net position to provide for identified future needs. These needs include contractual obligations, debt service, student loans, capital outlay, insurance reserves, and academic programming needs.

The University's financial statements were prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity (GASB Statement No. 61). These criteria include significant operational or financial relationships. Based on the application of the criteria, the University has four component units. The Western Michigan University Foundation, Paper Technology Foundation, Inc., Western Michigan University Research Foundation (collectively, the "Foundations"), and Western Michigan University Homer Stryker M.D. School of Medicine's (WMed) financial statements are discretely presented as part of the University's reporting entity. The component units' financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB).

The Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position

The University's financial report includes three financial statements: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows.

These financial statements include all assets, liabilities, deferred inflows, and deferred outflows using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

The following is a summary of the major components of the net position and operating results of the University for the years ended June 30, 2017, 2016, and 2015:

Net Position as of June 30 (in millions)

	2017	2016	2015
Assets			
Current assets	$ 122.9	$ 120.8	$ 95.9
Noncurrent assets:			
Capital assets - Net of depreciation	784.0	786.5	748.3
Other	231.2	230.0	284.9
Total assets	1,138.1	1,137.3	1,129.1
Deferred Outflows	12.7	15.0	17.5
Liabilities			
Current liabilities	81.3	93.4	88.1
Long-term liabilities	734.6	737.0	710.8
Total liabilities	815.9	830.4	798.9
Deferred Inflows	1.9	2.1	9.1
Net Position			
Net investment in capital assets	429.2	420.3	413.9
Restricted	18.0	19.3	19.3
Unrestricted	(114.2)	(119.8)	(94.6)
Total net position	**$ 333.0**	**$ 319.8**	**$ 338.6**

Assets

An asset is a resource with economic value that the University owns and controls with the expectation that it will provide future benefit. Assets increased $0.8 million in fiscal year 2017 and $8.2 million in fiscal year 2016. Current assets increased $2.1 million and $24.9 million in fiscal years 2017 and 2016, respectively. The increase in 2016 was due to an increase in cash of $18.0 million and an increase in prepaid expenses of $5.3 million.

Net capital assets decreased $2.5 million and increased $38.2 million in fiscal years 2017 and 2016, respectively. There was no significant construction activity in fiscal year 2017. The increase in fiscal year 2016 was due to the construction and completion of the Alumni Center at Heritage Hall, new student housing at Western Heights, and the new Valley Dining Center.

Other assets increased $1.2 million and decreased $54.9 million in fiscal years 2017 and 2016, respectively. There was no significant drawdown of construction funds provided for by bond proceeds in fiscal year 2017 compared to fiscal year 2016.

Liabilities

A liability is the University's financial debt that arise during the course of its business operations. Total liabilities decreased $14.5 million and increased $31.5 million in fiscal years 2017 and 2016, respectively. During the 2015 fiscal year, the University adopted GASB 68 and the University recognized an $81.3 million net pension liability for the first time. In addition, in 2015 the University saw an increase in other postemployment benefits liability of $8.2 million and an increase in bonds payable of $26.5 million. In fiscal year 2016, the University recognized an increase in the net pension liability of $36.7 million and an increase in the other postemployment benefits liability of $8.4 million. This was offset by a decrease in bonds payable and capital lease payable of $15.8 million. In fiscal year 2017, the University recognized an increase in the net pension liability of $9.0 million and an increase in the other postemployment benefits liability of $9.1 million. This is offset by a decrease in bonds payable of $17.3 million.

Operating Results for the Years Ended June 30 (in millions)

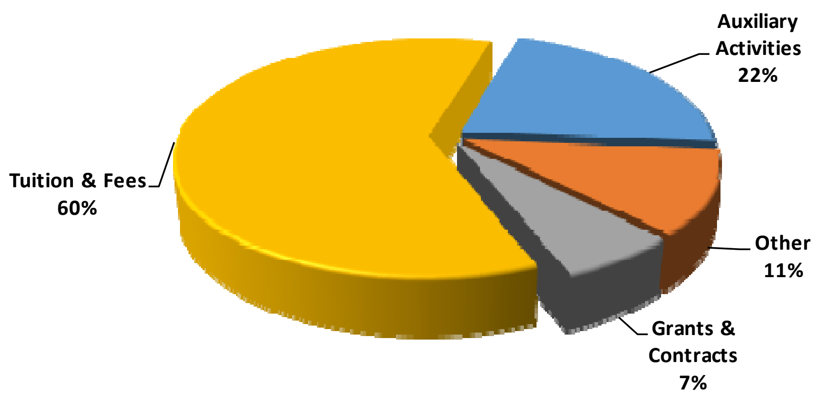
	2017	2016	2015
Operating Revenue			
Tuition and fees - Net	$ 239.4	$ 232.5	$ 231.6
Grants and contracts	25.9	25.4	24.4
Auxiliary activities - Net	86.7	84.0	84.5
Other	44.1	43.2	41.9
Total operating revenue	396.1	385.1	382.4
Operating Expenses			
Instruction	190.1	180.9	172.1
Departmental research	21.0	18.8	16.7
Public service	9.6	8.8	9.6
Academic support	61.0	58.7	56.3
Student services	21.9	20.7	19.9
Institutional support	42.9	47.3	41.8
Operations and maintenance of plant	38.4	39.8	37.5
Scholarships and fellowships	20.7	21.4	23.4
Auxiliary activities	88.0	78.9	93.4
Depreciation	29.1	28.2	27.4
Other expenditures	15.2	9.4	4.0
Total operating expenses	537.9	512.9	502.1
Net Operating Loss	(141.8)	(127.8)	(119.7)
Nonoperating Revenue (Expense)			
State appropriations	107.8	104.3	102.7
Gifts	40.0	44.3	31.3
Other net nonoperating revenue (expense)	2.3	(49.2)	(10.0)
Total nonoperating revenue	150.1	99.4	124.0
Other			
Capital grants, contracts, and other	4.9	9.6	2.4
Increase (Decrease) in Net Position	13.2	(18.8)	6.7
Net Position - Beginning of year	319.8	338.6	411.5
Adjustment for Change in Accounting Principle	-	-	(79.6)
Net Position - End of year	**$ 333.0**	**$ 319.8**	**$ 338.6**

Operating Revenue

Operating revenue includes all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, housing, and dining operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

Student tuition and fees revenue increased as a result of the Board of Trustees raising the rates by 4.19 percent for resident undergraduate students. For resident undergraduate students enrolled in 30 credit hours during an academic year, this increase equates to an additional $464 of tuition and fees. Room and meal plan rates increased 3.50 percent. This equates to an additional $315 for the academic year for a 15-meal plan. Student tuition and fees revenue increased in fiscal year 2016 compared to fiscal year 2015 as a result of the Board of Trustees raising the rates by 3.22 percent for resident undergraduate students.

The following is a graphic illustration of operating revenue by source:



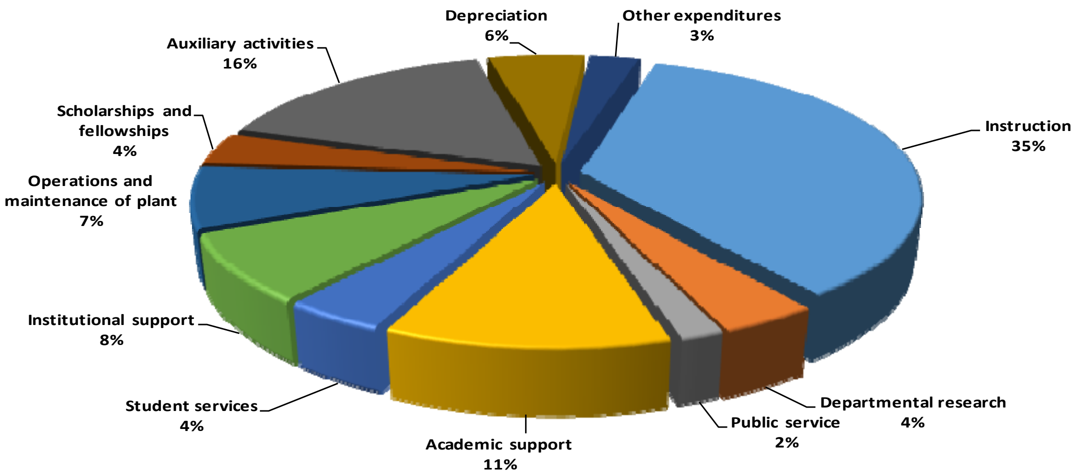
Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the University. Operating expenses were impacted by increases in the costs of compensation, academic programming, and auxiliary activities. Instruction increased $9.2 million in fiscal year 2017 due to compensation increasing $4.5 million, grants increasing $1.6 million and supplies and equipment increasing $3.1 million. Instruction increased $8.8 million in fiscal year 2016 due to compensation increasing $5.2 million, grants increasing $2.0 million and equipment increasing $1.6 million. Other expenditures increased $5.8 million in fiscal year 2017 mainly due to an increase in the pension expense of $4.9 million. Other expenditures increased

$5.4 million in fiscal year 2016. This increase was primarily due to an increase in the pension expense of $2.9 million.

The University is committed to providing financial support to students and is currently developing a strategic plan to award more dollars to students in a more efficient and strategic way. The University has long sponsored its prestigious Medallion Scholarship program, which attracts some of the brightest and most promising students. The University also offers several other merit-based awards.

The following is a graphic illustration of operating expenses by source:



Nonoperating Revenue and Expenses

Nonoperating revenue and expenses are primarily nonexchange in nature. They consist primarily of state appropriations and investment income (including realized and unrealized gains and losses), and grants and contracts that do not require any services to be performed.

Nonoperating revenue and expenses were significantly impacted by the following factors:

- The state appropriation revenue increased $3.5 million or 3.4 percent from fiscal year 2016. The state appropriation for fiscal year 2016 increased $1.6 million or 1.6 percent, and for fiscal year 2015, it increased $5.4 million.

- Investment income increased from the prior year by approximately $13.6 million. This is a result of a decrease in the realized gain from the prior year in the amount of $4.8 million and a change from unrealized loss in the previous year of $9.4 million to unrealized gain in the current year of $9.0 million. In fiscal year 2016, investment income increased from the prior year by approximately $0.7 million. This was a result of an increase in the realized gain from fiscal year 2015 in the amount of $5.3 million offset by an increase in unrealized loss from fiscal year 2015 of $4.6 million.

- Other expense for fiscal year 2017 decreased $40 million. This includes gift transfers of $16.9 million and $22.0 million transferred directly to WMed during the years 2017 and 2016, respectively. In addition, a total of $1.6 million and $7.0 million was transferred to the Western Michigan University Foundation WMed quasi-endowment for the years ended June 2017 and 2016, respectively. The WMed quasi-endowment was established for gifts to the University for the benefit of WMed. Included in gift income are transfers of $18.5 million and $29.0 million in gifts to the University for the benefit of the WMed for the years ended June 30, 2017 and 2016, respectively.

  In fiscal year 2016, the University received an accumulated refund from Michigan Public School Employees' Retirement System (MPSERS) of prior year overpayments for pension fund contributions in the amount of $24.2 million and recorded the income against pension expense. In turn, the University transferred money to a quasi-endowment at the Foundation to offset future increases in expense, recording the transaction as a nonoperating expense. Also during fiscal year 2016, an impairment of $4.9 million was recorded to adjust fair value of certain assets as a result of GASB 72 implementation.

- Upon receiving a donated building and recognizing $20.1 million in gift income during 2012, the University in turn leased portions of the building to WMed resulting in losses on the capital lease transaction of $3.9 million in 2015. During 2015, the University agreed to lease the entire building to WMed.

Other

Other activity consists of items that are typically nonrecurring, extraordinary, or unusual to the University. An example would be capital appropriations from the state or federal government and transfers from related entities.

Other activity was significantly impacted by the following:

Capital grants, contracts, and other revenue totaled $4.9 million in 2017, $9.6 million in 2016, and $2.4 million in 2015. During fiscal year 2017, the University received donations of $2.0 million for Heritage Hall renovations. In fiscal year 2016, the University received donations of $1.6 million for Heritage Hall renovations and $2.0 million for athletic facility improvements. Fiscal year 2015 activity was not significant.

Statement of Cash Flows

Another way to assess the financial health of the University is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess the following:

- An entity's ability to generate future net cash flows
- Its ability to meet obligations as they come due
- Its needs for external financing

Cash Flows for the Years Ended June 30 (in millions)

	2017	2016	2015
Cash (Used in) Provided by			
Operating activities	$ (100.6)	$ (86.0)	$ (82.3)
Noncapital financing activities	150.6	142.1	145.7
Capital and related financing activities	(49.0)	(41.5)	(68.2)
Investing activities	4.2	3.4	11.9
Net Increase in Cash	5.2	18.0	7.1
Cash - Beginning of year	69.8	51.8	44.7
Cash - End of year	**$ 75.0**	**$ 69.8**	**$ 51.8**

The most significant components of cash flows provided from operating activities are tuition and fees, auxiliary activities, and grants and contracts. The most significant components of cash flows used in operations are payments to suppliers and employees. Net cash used in operating activities was $100.6 million for the year ended June 30, 2017. This is compared to net cash used in operating activities in the amounts of $86.0 million and $82.3 million for the years ended June 30, 2016 and 2015, respectively. To offset the $100.6 million operating use, the net cash provided from noncapital financing activities, which consisted primarily of state appropriations, was $150.6 million for the year ended June 30, 2017.

Net cash provided by noncapital financing activities was $142.1 million and $145.7 million for the years ended June 30, 2016 and 2015, respectively. Cash used in capital and related financing activities totaled $49.0 million for the year ended June 30, 2017, primarily the result of capital additions during the year in the amount of $26.7 million, interest paid on capital debt in the amount of $19.0 million, cash used for debt instruments of $18.1 million, cash proceeds from capital gifts of $4.9 million and cash proceeds from capital lease of $2.8 million. Cash provided by investing activities was $4.2 million for the year ended June 30, 2017. This is compared to cash provided by investing activities of $3.4 million and $11.9 million for the years ended June 30, 2016 and 2015, respectively.

Capital Assets

At June 30, 2017, the University had $1.3 billion invested in capital assets and accumulated depreciation of $550.9 million. Depreciation charges totaled $29.1 million, $28.2 million, and $27.4 million for the years ended June 30, 2017, 2016, and 2015, respectively. Details of capital asset amounts are below:

	2017	2016	2015
Land, land improvements, and infrastructure	$ 92,445,207	$ 89,058,836	$ 92,232,836
Buildings and improvements	1,032,181,704	994,666,641	907,464,388
Buildings under capital lease	20,796,391	20,796,391	20,796,391
Furniture, fixtures, and equipment	73,314,791	71,614,606	74,341,434
Library collections	93,226,759	91,851,232	90,524,267
Construction in progress	22,925,048	46,923,946	67,987,143
Total	**$ 1,334,889,900**	**$ 1,314,911,652**	**$ 1,253,346,459**

The University completed construction of the Valley Dining Center in fiscal year 2017 at a cost of $33.4 million. It primarily serves the 12 residence halls in the Valley and seats approximately 1,000 guests. Food is prepared in front of the guests in a series of nine micro-restaurants. Each micro-restaurant has its own menu, associated seating, décor and theme. The numerous seating options create a comfortable and social space for guests to connect with others during meals. The facility opened in August 2016. The project was funded with bond proceeds and other available funds. The Goldsworth Valley Pond area near the new Valley Dining Center has been enhanced with new walkways, landscaping, lighting, and an expanded bio-retention area. The bridge crossing the pond has been upgraded and includes a snow melt system. This project cost approximately $2.8 million and was funded with available University funds.

During fiscal year 2016, the University began planning for a 67,000 square-foot addition and renovation to the College of Aviation's education center located at the W.K. Kellogg Airport campus in Battle Creek. This project will be complete in the summer of 2019 and is expected to cost $22.0 million. The project will be funded with $15.0 million from the State of Michigan and the remainder coming from gifts and other available funds.

Heritage Hall, the new Alumni Center on East Campus, opened in October of 2015. This project was primarily funded with bond proceeds, gifts and other available funds. Departmental funds were used for additional projects such as an interactive monitor display in the main lobby area.

Debt

At June 30, 2017, the University had $386.5 million in bonded debt obligations outstanding versus $403.4 million the previous year, a decrease of 4.2 percent. At June 30, 2016, the bonded debt obligations had decreased 3.6 percent, from a balance of $418.3 million at June 30, 2015.

The University issued $30.0 million of general revenue refunding bonds, rated A1, during fiscal year 2015 to advance refund prior bonds. The University also issued $109.3 million of general revenue and refunding bonds, rated A1, during fiscal year 2015 to advance refund prior bonds and pay costs for new construction projects. The University issued $69.0 million of lease rental revenue bonds to finance the renovation of the building that houses WMed during fiscal year 2014. The lease rental revenue bonds are payable over five years with a 30-year amortization and a balloon payment at the end of five years. It is anticipated that WMed will refinance the bonds at that time. A total of $65.9 million, $67.4 million and $69.0 million was outstanding on the lease rental revenue bonds at June 30, 2017, 2016, and 2015, respectively.

The University partners with Borgess Health and Bronson Healthcare to form WMed. WMed is a private 501(c)(3) nonprofit corporation supported by private gifts, clinical revenue, research activity, tuition from students, and endowment income.

The University entered into a lease agreement with WMed during fiscal year 2014. Under the terms of the lease agreement, WMed agrees to pay the University lease rental payments which at a minimum will be established in amounts sufficient to pay the principal and interest on the lease rental revenue bonds issued to fund the renovation cost of the donated building. WMed will be responsible for the maintenance, utilities, and other costs of the facility as outlined in the terms of the lease.

Other Information

During fiscal year 2017, officials from Western Michigan University and Florida Southwestern State College (FSW) announced an alliance that will allow WMU to offer several high-profile academic programs at FSW's Charlotte County, Florida campus beginning in the fall of 2017. The alliance provides integrated programs based on the community's need and impact on Charlotte County's economic development. Florida's Commission for Independent Education approved two provisional licenses for the University to offer academic programs in Florida. Also, approval for two WMU program offerings (Bachelor of Science in Aviation Flight Sciences and a Master of Science in Engineering Management) came from the Higher Learning Commission, which is the University's accreditation body.

During fiscal year 2017, Western Michigan University trustees unanimously selected Dr. Edward B. Montgomery as the University's ninth president. Montgomery is a nationally known labor economist who played major roles in both the Clinton and Obama administrations. Dr. Montgomery comes to Western Michigan University with more than 35 years in academics.

Western Michigan University Thomas M. Cooley Law School is an independent nonprofit organization under an affiliation agreement with Western Michigan University. The affiliation was approved by the American Bar Association and the Higher Learning Commission in August 2014. Some of the initiatives during fiscal year 2016 include accelerated programs, allowing students to complete an undergraduate and law degree in less than the standard seven years, and dual courses team-taught by faculty at both schools. The law school began offering classes on WMU's campus during fiscal year 2016.

Economic Factors That Will Affect the Future

As of the June 29, 2017 board of trustees meeting, there were significant items within the operating budget that were still being determined due to on-going contract negotiations. Therefore, the Western Michigan University board of trustees approved the continuation of the fiscal year 2016-2017 Board-approved general fund budget for up to ninety days so that the University is able to meet its instructional, programmatic and operating responsibilities in alignment with the University strategic plan.

The new fiscal year 2017-2018 general fund budget was approved at the September 20, 2017 board of trustees meeting. This new budget reflects an increase in the University's state appropriation which is expected to be $109.4 million in total, an increase of $1.9 million or 1.80 percent. Tuition and fees for resident undergraduate students will increase 3.91 percent. Budgeted expenses have increased for compensation, EUP program support, utilities, and financial aid.

In fall 2017, Western Michigan University was named the most affordable, highly ranked university in Michigan by an international online news organization with more than 70 million viewers. Business Insider released its list of the most affordable colleges in each state on July 30. Using data from the Chronicle of Higher Education, the publication further filtered its list to include only colleges and universities ranked in the top 220 nationally by U.S. News & World Report. The new ranking uses resident tuition data from the 2016-17 academic year and looks at each school’s published tuition and required fees, as well as room and board.

Western Michigan University’s tuition cost ranks eighth among the state’s 15 public universities, even though it is one of Michigan’s six largest, most complex, and highly regarded research institutions. The University continues to offer exceptional value to its students.

Statement of Net Position

	June 30	
	2017	2016
Current Assets		
Cash and cash equivalents (Note 2)	$ 74,964,804	$ 69,762,433
Short-term investments (Note 2)	159,258	140,718
Accounts receivable - Net (Note 4)	36,053,565	38,471,345
Current portion of capital lease receivable (Note 5)	1,580,000	1,555,000
Deposits, prepaid expenses, and other assets	10,120,960	10,847,605
Total current assets	122,878,587	120,777,101
Long-term Investments (Note 2)	157,998,682	154,882,968
Student Loans Receivable - Net (Note 4)	8,535,810	9,073,198
Capital Lease Receivable (Note 5)	64,280,000	65,860,000
Other Assets	507,169	206,590
Capital Assets - Net (Note 6)	783,962,105	786,501,772
Total assets	1,138,162,353	1,137,301,629
Deferred Outflows of Resources		
Loss on refunding of bonds payable	2,822,671	6,073,225
MPSERS pension related outflows	9,846,320	8,903,998
Total deferred outflows	12,668,991	14,977,223
Current Liabilities		
Current portion of debt obligations (Note 7)	20,473,569	19,079,112
Current portion of other postemployment benefits (Note 9)	4,963,583	5,199,229
Accounts payable	13,012,569	25,748,109
Due to depositors	1,078,547	1,040,515
Accrued payroll and withholdings	21,904,894	19,664,985
Insurance and other claims payable (Note 8)	6,249,737	6,442,896
Tuition and fees received in advance	6,306,476	10,075,743
Other liabilities	7,353,043	6,108,003
Total current liabilities	81,342,418	93,358,592
Long-term Liabilities		
Other long-term obligations - Net of current portion (Note 7)	414,169,177	434,940,950
Other postemployment benefits - Net of current portion (Note 9)	193,397,062	184,074,540
Net pension liability (Note 10)	127,039,098	118,006,895
Total long-term liabilities	734,605,337	737,022,385
Total liabilities	815,947,755	830,380,977
Deferred Inflows of Resources		
Gain on refunding of bonds payable	1,003,952	1,142,428
MPSERS pension related inflows	871,143	952,445
Total deferred inflows	1,875,095	2,094,873
Net Position		
Unrestricted	(114,227,142)	(119,841,090)
Restricted for:		
Expendable	1,947,608	3,212,308
Loans	8,501,277	9,009,063
Other	7,572,741	7,109,230
Net investment in capital assets	429,214,010	420,313,491
Total net position	**$ 333,008,494**	**$ 319,803,002**

Western Michigan University

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2017	2016
Operating Revenue		
Tuition and fees	$ 298,118,059	$ 289,485,517
Scholarship allowance	(58,708,382)	(56,936,598)
Net tuition and fees	239,409,677	232,548,919
Governmental grants and contracts	18,678,540	18,546,747
Other grants and contracts	7,227,262	6,891,131
Departmental and other educational activities	34,602,919	33,447,243
Auxiliary activities	97,044,354	94,055,588
Scholarship allowance	(10,360,303)	(10,047,635)
Net auxiliary activities	86,684,051	84,007,953
Other revenue	9,458,942	9,668,920
Total operating revenue	396,061,391	385,110,913
Operating Expenses		
Instruction	190,080,133	180,849,381
Departmental research	21,009,881	18,801,905
Public service	9,588,232	8,834,975
Academic support	60,953,342	58,692,315
Student services	21,862,784	20,740,284
Institutional support	42,939,451	47,318,203
Operations and maintenance of plant	38,403,964	39,796,806
Scholarships and fellowships	20,705,883	21,376,154
Auxiliary activities	88,009,586	78,877,480
Depreciation	29,065,518	28,221,461
Other expenditures	15,202,096	9,375,872
Total operating expenses	537,820,870	512,884,836
Net Operating Loss	(141,759,479)	(127,773,923)
Nonoperating Revenue (Expenses)		
State appropriations	107,764,905	104,334,100
Gifts	40,009,540	44,326,522
Pell grant revenue	25,826,936	27,872,187
Other expense	(18,500,000)	(58,166,056)
Investment income and other interest	15,640,232	2,010,048
Interest on capital asset-related debt	(20,663,376)	(21,045,931)
Net nonoperating revenue	150,078,237	99,330,870
Income (Loss) - Before other	8,318,758	(28,443,053)
Other		
Other revenue and capital gifts and grants	4,886,734	9,622,460
Increase (Decrease) in Net Position	13,205,492	(18,820,593)
Net Position		
Beginning of year	319,803,002	338,623,595
End of year	**$ 333,008,494**	**$ 319,803,002**

Statement of Cash Flows

	Year Ended June 30 2017	Year Ended June 30 2016
Cash Flows from Operating Activities		
Tuition and fees	$ 296,613,255	$ 292,565,514
Grants and contracts	26,490,198	24,764,863
Payments to suppliers	(217,663,238)	(194,852,502)
Payments to employees	(349,003,982)	(342,457,044)
Loans issued to students	(1,712,798)	(2,018,524)
Collection of loans from students	2,250,186	1,888,773
Student loan interest	127,056	126,607
Auxiliary enterprise charges	97,255,890	93,961,723
Departmental and other	45,005,459	39,968,011
Net cash used in operating activities	(100,637,974)	(86,052,579)
Cash Flows from Noncapital Financing Activities		
Private gifts for annuity purposes	122,098	36,122
Gifts and contributions for other than capital purposes	39,887,442	44,290,400
William D. Ford direct lending receipts	114,302,128	116,059,210
William D. Ford direct lending disbursements	(114,302,128)	(116,059,210)
PLUS loan receipts	29,637,447	29,889,501
PLUS loan disbursements	(29,637,447)	(29,889,501)
Pell grant revenue	25,826,936	27,872,187
Agency transactions	(3,705,320)	(103,473)
Other	(18,500,000)	(34,016,193)
State appropriations	106,991,691	104,044,628
Net cash provided by noncapital financing activities	150,622,847	142,123,671
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(26,702,785)	(66,712,450)
Proceeds net of deposits from disposal of assets	176,934	269,775
Principal paid on capital debt	(18,094,649)	(18,904,188)
Capital grant, gift, and other proceeds	4,886,734	9,622,460
Proceeds from trustee to purchase capital assets	6,891,592	50,961,885
Interest paid on capital debt	(18,982,658)	(19,288,332)
Proceeds from capital lease	2,787,489	2,536,067
Net cash used in capital and related financing activities	(49,037,343)	(41,514,783)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	11,368,238	30,705,159
Interest on investments	4,216,372	3,855,204
Purchase of investments	(11,329,769)	(31,134,815)
Net cash provided by investing activities	4,254,841	3,425,548
Net Increase in Cash and Cash Equivalents	5,202,371	17,981,857
Cash and Cash Equivalents - Beginning of year	69,762,433	51,780,576
Cash and Cash Equivalents - End of year	**$ 74,964,804**	**$ 69,762,433**

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2017	2016
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (141,759,479)	$ (127,773,923)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	29,065,518	28,221,461
Amortization of bond issuance costs	(1,747,822)	(1,747,822)
Decrease (increase) in assets:		
Federal and state grants receivable	584,396	(673,015)
Accounts receivable - Net	2,908,178	(1,540,303)
Inventories	(85,353)	(191,157)
Prepaid assets and other current assets	511,419	(5,363,770)
Loans to students	537,388	(129,751)
(Decrease) increase in liabilities:		
Accounts payable	(11,691,855)	(1,239,936)
Accrued payroll and other compensation	2,239,909	51,160
Net pension liability	9,032,203	12,576,531
Other liabilities and deferreds	13,536,791	5,110,820
Unearned tuition and fees	(3,769,267)	6,647,126
Net cash used in operating activities	**$ (100,637,974)**	**$ (86,052,579)**

Discretely Presented Component Units - Balance Sheet and Statement of Activities and Changes in Net Assets

Balance Sheet	Western Michigan University Foundation		Western Michigan University Homer Stryker M.D. School of Medicine		Western Michigan University Research Foundation		Paper Technology Foundation, Inc.	
	June 30		June 30		June 30		June 30	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets								
Cash and short-term investments	$ 44,129,973	$ 36,582,458	$ 3,316,304	$ 3,272,907	$ 716,308	$ 440,234	$ 408,023	$ 380,789
Investments (Note 2)	372,674,871	332,614,927	8,184,193	5,976,711	4,197,080	3,637,760	5,785,952	5,344,457
Pledges receivable - Net (Note 3)	40,695,919	62,245,738	50,000	25,000	-	-	93,499	144,600
Cash surrender value of life insurance policies	1,008,616	1,065,042	-	-	-	-	-	-
Other receivable	706,816	162,382	3,607,063	3,615,959	1,342,775	3,813,107	-	-
Other assets	-	-	1,769,412	1,452,870	-	-	-	-
Land, land contracts, and other property	2,262,967	4,028,363	107,370,517	107,101,998	-	-	-	-
Total assets	**$ 461,479,162**	**$ 436,698,910**	**$ 124,297,489**	**$ 121,445,445**	**$ 6,256,163**	**$ 7,891,101**	**$ 6,287,474**	**$ 5,869,846**
Liabilities								
Accounts payable	$ 1,060	$ 530	$ 2,612,726	$ 2,367,323	$ 5,992	$ 161	$ -	$ 13,650
Deposits held in escrow	100,000	100,000	-	-	-	-	-	-
Accrued payroll, withholdings, and other	-	-	7,547,022	5,550,300	7,235	7,015	-	-
Capital lease obligation	-	-	65,860,000	67,415,000	-	-	-	-
Deferred compensation	-	-	6,342,572	5,439,499				
Other long-term debt	-	-	1,286,533	1,286,533	-	-	-	-
Total liabilities	101,060	100,530	83,648,853	82,058,655	13,227	7,176	-	13,650
Net Assets								
Unrestricted	255,603,374	227,354,556	19,286,425	18,317,978	6,242,936	7,883,925	1,567,836	1,451,106
Temporarily restricted	125,285,617	133,033,905	19,430,196	20,447,509	-	-	2,598,337	2,314,360
Permanently restricted	80,489,111	76,209,919	1,932,015	621,303	-	-	2,121,301	2,090,730
Total net assets	461,378,102	436,598,380	40,648,636	39,386,790	6,242,936	7,883,925	6,287,474	5,856,196
Total liabilities and net assets	**$ 461,479,162**	**$ 436,698,910**	**$ 124,297,489**	**$ 121,445,445**	**$ 6,256,163**	**$ 7,891,101**	**$ 6,287,474**	**$ 5,869,846**

Statement of Activities and Changes in Net Assets	Year Ended June 30		Year Ended June 30		Year Ended June 30		Year Ended June 30	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue Gains, Losses, and Other Support								
Gifts, contributions, and other	$ 21,908,320	$ 24,947,193	$ 28,380,319	$ 28,050,325	$ -	$ -	$ 257,860	$ 396,467
Investment income (loss)	7,901,201	6,272,703			410,629	(103,926)	110,285	88,505
Contracted services and support	-	-	43,424,727	39,014,144	-	-	-	-
Patient service revenue	-	-	7,892,428	10,335,999	-	-	-	-
Governmental grants and contracts	-	-	11,663,373	7,683,581	-	-	-	-
Other income	-	-	-	-	98,533	239,263	10,754	18,639
Net gain (loss) from security and other investment transactions	32,672,846	(14,400,564)	71,094	(22,915)	-	-	587,026	(328,200)
Contributed services	-	-	-	-	17,376	16,633	-	-
Net transfers from Western Michigan University	14,725,880	36,861,176	-	-	198,996	145,607	65,569	70,549
Total revenue gains, losses, and other support	77,208,247	53,680,508	91,431,941	85,061,134	725,534	297,577	1,031,494	245,960
Expenditures and Distributions								
Program services	21,831	22,003	71,728,013	59,465,599	-	-	82,607	109,515
Management and general	287,323	195,350	18,442,082	16,628,809	2,366,523	1,337,684	66,900	74,296
Fundraising	4,747,833	4,956,741	-	-	-	-	117,215	131,305
Total expenditures	5,056,987	5,174,094	90,170,095	76,094,408	2,366,523	1,337,684	266,722	315,116
Distributions	47,371,538	54,028,953	-	-	-	-	333,494	323,192
Total expenditures and distributions	52,428,525	59,203,047	90,170,095	76,094,408	2,366,523	1,337,684	600,216	638,308
Extraordinary Item	-	-	-	4,328,777	-	-	-	-
Change in Net Assets	24,779,722	(5,522,539)	1,261,846	13,295,503	(1,640,989)	(1,040,107)	431,278	(392,348)
Net Assets - Beginning of year	436,598,380	442,120,919	39,386,790	26,091,287	7,883,925	8,924,032	5,856,196	6,248,544
Net Assets - End of year	**$ 461,378,102**	**$ 436,598,380**	**$ 40,648,636**	**$ 39,386,790**	**$ 6,242,936**	**$ 7,883,925**	**$ 6,287,474**	**$ 5,856,196**

Note 1 – Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The financial statements of Western Michigan University (the "University") have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University follows the "business-type" activities reporting requirements of GASB Statement No. 34.

The financial statements of the University have been prepared on the accrual basis, whereby all revenue is recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

GASB Statement No. 34 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following categories:

- Net Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- Restricted - Net assets subject to externally imposed constraints such that they may be maintained permanently by the University, or net assets whose use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time.

- Unrestricted - Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of management or the board of trustees (the "Board") or may otherwise be limited by contractual agreements with outside parties.

These statements have also been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity (GASB Statement No. 61). These criteria include significant operational or financial relationships with the University. Based on application of the criteria, the University has four component units.

Note 1 – Basis of Presentation and Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies

Component Unit - Western Michigan University is an institution of higher education located in Kalamazoo, Michigan, and is considered to be a component unit of the State of Michigan (the "State") because its board of trustees is appointed by the governor of the State of Michigan. Accordingly, the University is included in the State's financial statements as a discrete component unit. Transactions with the State of Michigan relate primarily to appropriations for operations, grants from various state agencies, and payments to state retirement programs for the benefit of University employees.

Component Units of the University - Western Michigan University Foundation, Paper Technology Foundation, Inc., Western Michigan University Research Foundation, and Western Michigan University Homer Stryker M.D. School of Medicine (WMed) statements are discretely presented as part of the University's reporting entity. These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB) and have not been modified for GASB. The officers of Western Michigan University Foundation and Paper Technology Foundation, Inc. include certain University administrative officials, but the University does not have controlling interest in those foundations' boards. The University does have controlling interest in Western Michigan University Research Foundation and WMed. The Internal Revenue Service has determined that the component units are tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

Western Michigan University Foundation (the "Foundation") operates exclusively for the benefit of Western Michigan University. The Foundation provides support for the objectives, goals, and mission of the University. The Foundation assists in accomplishing the educational purposes of the University.

Paper Technology Foundation, Inc. was established to aid and promote, by financial assistance and guidance, education and research in paper technology and related areas at Western Michigan University. The University has paid certain expenses of Paper Technology Foundation, Inc.

Western Michigan University Research Foundation operates for the benefit of Western Michigan University to promote, encourage, and aid scientific investigation and research as well as commercialization endeavors. The University has paid certain expenses of Western Michigan University Research Foundation.

Note 1 – Basis of Presentation and Significant Accounting Policies (Continued)

WMed operates and manages medical education and training programs. WMed's clinics provide medical services to patients, a substantial portion of which are Medicaid and Medicare recipients.

A complete copy of the audited financial statements of Western Michigan University Foundation and WMed is available at each respective organization's offices.

Cash and Investments - Cash and cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased. The University's cash, comprised of working capital and permanent-core assets, is principally invested in investment-grade securities that are readily convertible to cash. The cash is allocated to securities that meet short-, intermediate-, and long-term investment objectives. Investments are reported at fair value, based on quoted market prices, with changes in fair value reported as investment income in the statement of revenue, expenses, and changes in net position. Included in long term investments at June 30, 2017 and 2016 are approximately $0.9 million and $7.8 million, respectively, of unspent bond proceeds.

Accounts Receivable - The University records accounts receivable at net collectible value. Management reviews all the individual student accounts receivable as of June 30 and establishes an allowance for doubtful accounts based on specific assessment of each account as necessary. All amounts deemed uncollectible are charged against income for that school year. The allowance for doubtful accounts was $5,134,680 and $4,536,575 at June 30, 2017 and 2016, respectively.

Inventories - Inventories consist primarily of supplies, food, and pharmaceuticals, and are stated at the lower of cost or market, with cost determined by the retail method.

Operating and Nonoperating Revenue - Operating activities as reported on the statement of revenue, expenses, and changes in net position are those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, as defined by GASB Statement No. 34, including state appropriations, federal Pell grant revenue, gifts, and investment income. Restricted and unrestricted resources are spent and tracked at the discretion of the recipient University department within the guidelines of donor restrictions, if any.

Note 1 – Basis of Presentation and Significant Accounting Policies (Continued)

Capital Assets - Capital assets are stated at cost if purchased or at appraised value at the date of the gift for donated property. Certain net assets have been designated to provide for future capital improvements for extended university programs and for significant repair and maintenance costs to residence facilities. Physical properties, with the exception of land, are depreciated on the straight-line method over the estimated useful service lives of the respective assets. Estimated service lives are as follows:

Land Improvements	20 Years
Buildings	50 Years
Equipment and Software	3-15 Years
Library Holdings	10 Years

Bond Issuance Costs - Bond issuance costs are expensed in the period incurred while prepaid insurance costs related to bond issuance are amortized over the life of the bonds using the straight-line method. Gains and losses resulting from refunding bonds are booked as deferred outflows and inflows and recognized as a component of interest expense over the shorter of the remaining term of the old debt or the term of the new debt.

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 fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS), and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Deferred Outflows of Resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The University deferred outflows of resources related to the loss on refunding of bonds payable of $2,822,671 and $6,073,225 and the net pension liability of $9,846,320 and $8,903,998 (see Note 10 for more information) at June 30, 2017 and 2016, respectively.

Note 1 – Basis of Presentation and Significant Accounting Policies (Continued)

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources at June 30, 2017 include $871,143 for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date. Deferred inflows of resources at June 30, 2016 included $774,236 for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and $178,209 related to the pension plan described in Note 10. Also included in deferred inflows of resources at June 30, 2017 and 2016 is a gain on refunding of bonds payable of $1,003,952 and $1,142,428, respectively.

Note 2 - Cash and Investments

The University uses the “pooled cash” method of accounting for substantially all of its cash and investments. In order to maximize earnings, the cash and certain investments of Western Michigan University Foundation, Western Michigan University Research Foundation, and Paper Technology Foundation, Inc. are pooled with those of the University. External investment managers are provided with an investment policy statement, as set forth by the board of trustees.

As of June 30, 2017, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money market funds	$ 76,029,446	$ 76,029,446	$ -	$ -	$ -
Intermediate-term mutual funds	32,744,805	-	21,169,145	11,575,660	-
Equity index mutual funds	4,316,111	-	-	-	4,316,111
Equity funds	69,920,688	-	-	-	69,920,688
Bond funds	18,046,195	-	15,529,356	2,516,839	-
Land and land contracts	870,500	-	-	-	870,500
Bank loans fund	6,443,611	-	-	6,443,611	-
Mortgage-Backed Securities Fund	11,337,707	-	11,337,707	-	-
Real Estate Investment Trust Funds	13,413,681	-	-	-	13,413,681
Total	$ 233,122,744	$ 76,029,446	$ 48,036,208	$ 20,536,110	$ 88,520,980

As of June 30, 2016, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money market funds	$ 77,700,126	$ 77,700,126	$ -	$ -	$ -
Intermediate-term mutual funds	48,234,684	-	36,568,876	11,665,808	-
Equity index mutual funds	4,163,820	-	-	-	4,163,820
Equity funds	57,683,094	-	-	-	57,683,094
Bond funds	16,427,044	-	14,041,178	2,385,866	-
Land and land contracts	870,500	-	-	-	870,500
Bank loans fund	6,123,284	-	-	-	6,123,284
Real Estate Investment Trust Funds	13,583,567	-	-	-	13,583,567
Total	$ 224,786,119	$ 77,700,126	$ 50,610,054	$ 14,051,674	$ 82,424,265

Note 2 - Cash and Investments (Continued)

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's operating investment policy provides for a diversified portfolio comprised of short-, intermediate-, and long-term investments. The investment policy does not specifically limit or restrict asset allocation except for the long-term investment pool. The asset allocation, as a percentage of the total market value of the long-term investment pool, is targeted as follows:

Asset Category	Target	Range
U.S. equities	28.6%	20-40%
International equities	28.6%	20-40%
Fixed income	28.6%	20-40%
Real estate (REITs)	14.2%	10-20%

The University is also exposed to risk indirectly since its mutual fund investees hold investments such as futures, options, and collateralized mortgage obligations (generally referred to as "derivatives").

The annuity and life income funds are invested and held to maturity; therefore, the interest rate risk is not considered in its decisions. The investment policy is to maintain a permanent core asset allocation committed to both equity and fixed-income securities.

Credit Risk - For investments in nonmutual and nonpooled funds, no more than 10 percent of the portfolio, at cost, can be invested in any single issue, except the investments in U.S. government securities. The weighted average credit quality is to be no less than "AAA" (or its equivalent rating by two national rating agencies) for the short-term investment pool accounts and "A" for the intermediate-term investment pool accounts.

In addition, the minimum acceptable credit quality at the time of purchase for individual securities shall be "A" for the short-term pool accounts and "BBB" for the intermediate-term investment pool accounts.

Note 2 - Cash and Investments (Continued)

At June 30, 2017 and 2016, the University's debt instruments (subject to fluctuations in interest rates) and related ratings consisted of the following:

	2017 Market Value	NRSRO Rating	2016 Market Value	NRSRO Rating
Bond mutual funds:				
Western Asset Intermediate Bond Portfolio	$ 20,034,986	AA-	$ 19,726,916	AA-
iShares TIPs Bond EFT	11,896,213	AAA	11,972,998	AAA
SSGA Charitable Bond Fund	205,752	AA2	210,212	AA
SSGA High Yield Bond Fund	85,398	B	81,592	B+
Vanguard Total Bond Fund	1,864,356	AA	1,742,628	AA
TIPs Index CTF Fund	40,780	AAA	44,244	AAA
FPA New Income Fund	-	AA	7,289,635	AA
Commonfund Contingent Asset Portfolio	11,337,707	AA+	-	AA+
Loomis Sayles Senior Bank Loan Fund	6,443,611	Ba3	6,123,284	Ba3
Vanguard Short-Term Bond ETF	1,134,159	AA	9,552,325	AA+
Templeton Global Bond Fund	15,529,356	BBB	14,041,178	BBB+
Total	$ 68,572,318		$ 70,785,012	

At June 30, 2017 and 2016, Western Michigan University Foundation's, Paper Technology Foundation, Inc.'s, and Western Michigan University Research Foundation's debt instruments (subject to fluctuations in interest rates) and related ratings consisted of the following:

	Western Michigan University Foundation				Paper Technology Foundation, Inc.				Western Michigan University Research Foundation			
	2017		2016		2017		2016		2017		2016	
JP Morgan Short Duration Bond Fund	$ 17,221,335	AA	$ 17,195,745	AA+	$ 160,325	AA	$ 180,761	AA+	$ 281,460	AA	$ 208,980	AA+
Vanguard Short-Term Bond ETF	11,015,649	AA	6,740,103	AA+	102,552	AA	70,852	AA+	180,036	AA	81,912	AA+
	$ 28,236,984		$ 23,935,848		$ 262,877		$ 251,613		$ 461,496		$ 290,892	

The nationally recognized statistical rating organization (NRSRO) utilized was primarily Moody's Investors Services. The corporate bonds NRSRO rating is based on a weighted average of the individual investment ratings.

Note 2 - Cash and Investments (Continued)

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the bank or counterparty, the University will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The University's cash investment policy does not limit the value of deposits or investments that may be held by an outside party. Investments in external investment pools and in open-ended mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form. At June 30, 2017 and 2016, the carrying amount of the University's deposits was $92,293,558 and $81,865,333, respectively. These amounts include the Foundations' balances of $13,839,599 and $11,601,108, respectively. Of that amount, $3,934,185 and $4,215,963 was insured as of June 30, 2017 and 2016, respectively. The remaining $88,359,373 and $77,649,370 at June 30, 2017 and 2016, respectively, was uninsured and uncollateralized. The University does not require deposits to be insured or collateralized.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's cash investment policy provides that investment pool direct placements are to be sufficiently diversified and provides that no more than 10 percent of its assets can be in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled ten percent or more in 2017 or 2016.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At June 30, 2017 and 2016, the University had approximately $66.0 million and $58.0 million, respectively, invested in mutual funds that have funds invested in various countries throughout the world and therefore, expose the University to foreign currency risk indirectly. The University did not have any direct investments or deposits denominated in foreign currencies at June 30, 2017 and 2016. The amounts above include the Foundations' balances of approximately $10.0 million and $8.0 million, respectively.

Note 2 - Cash and Investments (Continued)

Investments at Western Michigan University Foundation, Paper Technology Foundation, Inc., Western Michigan University Research Foundation, and WMed are as follows:

	Western Michigan University Foundation		Paper Technology Foundation, Inc.		Western Michigan University Research Foundation		Western Michigan University Homer Stryker M.D. School of Medicine	
	2017	2016	2017	2016	2017	2016	2017	2016
Corporate stocks	$ 34,960,981	$ 30,348,973	$ 715,504	$ 648,089	$ -	$ -	$ 189,656	$ 64,845
Alternative investments	122,046,045	123,486,437	2,134,191	2,280,143	4,197,080	3,637,760	678,255	228,137
Real estate	7,202,869	7,104,460	147,412	151,713	-	-	46,848	15,179
Mutual funds:								
Equity	148,614,577	117,953,060	2,418,060	1,989,573	-	-	1,907,132	1,302,972
Target date blended funds	-	-	-	-	-	-	4,678,343	3,842,603
Money market	-	-	-	-	-	-	2,821	-
Fixed income	59,850,399	53,721,997	370,785	274,939	-	-	681,138	522,975
Total	$ 372,674,871	$ 332,614,927	$ 5,785,952	$ 5,344,457	$ 4,197,080	$ 3,637,760	$ 8,184,193	$ 5,976,711

Net gains and losses from security transactions for the years ended June 30, 2017 and 2016 are as follows for each foundation and WMed:

	Western Michigan University Foundation		Paper Technology Foundation, Inc.		Western Michigan University Homer Stryker M.D. School of Medicine	
	2017	2016	2017	2016	2017	2016
Unrealized appreciation (depreciation)	$ 30,498,000	$ (13,540,893)	$ 560,607	$ (327,160)	$ 63,919	$ (23,384)
Realized gains (losses)	2,174,846	(859,671)	26,419	(1,040)	7,175	469
Total	$ 32,672,846	$ (14,400,564)	$ 587,026	$ (328,200)	$ 71,094	$ (22,915)

Western Michigan University Research Foundation did not incur any gains or losses from security and other investment transactions for the years ended June 30, 2017 and 2016.

Trustee and brokerage fees associated with the maintenance of the endowment securities portfolio were $4,091,934 and $4,709,204 for Western Michigan University Foundation, $54,461 and $70,573 for Paper Technology Foundation, Inc., and $17,198 and $7,147 for WMed for the years ended June 30, 2017 and 2016, respectively. For recording purposes, these fees have been netted with investment income. Western Michigan University Foundation, Paper Technology Foundation, Inc., and WMed investments are stated at fair value based upon quoted market prices or are based on information provided by the fund managers or the general partners of the investment funds.

Note 3 – Fair Value Measurements

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The University's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 3 – Fair Value Measurements (Continued)

The University has the following recurring fair value measurements:

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2017:

		Fair Value Measurements Using		
	Balance at June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money Market Funds	$ 76,029,446	$ 76,029,446	$ -	$ -
Intermediate-Term Mutual Funds	32,744,805	32,744,805	-	-
Equity Index Mutual Funds	4,316,111	3,760,327	555,784	-
Equity Funds	69,920,688	69,920,688	-	-
Bond Funds	18,046,195	17,799,663	246,532	-
Land and land contracts	870,500	-	870,500	-
Real Estate Investment Trust Fund	376,703	376,703	-	-
Total investments by fair value level	$ 202,304,448	$ 200,631,632	$ 1,672,816	$ -
Investments measured at the net asset value (NAV)				
Fixed Income - Senior Loan Fund	6,443,611			
Real Estate Investment Trust Fund	13,036,978			
Mortgage-Back Securities Fund	11,337,707			
Total investments measured at the NAV	30,818,296			
Total investments measured at fair value	$ 233,122,744			

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2016:

		Fair Value Measurements Using		
	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money Market Funds	$ 77,700,126	$ 77,700,126	$ -	$ -
Intermediate-Term Mutual Funds	48,234,684	48,234,684	-	-
Equity Index Mutual Funds	4,163,820	3,592,398	571,422	-
Equity Funds	57,683,094	57,683,094	-	-
Bond Funds	16,427,044	16,172,588	254,456	-
Land and land contracts	870,500	-	870,500	-
Real Estate Investment Trust Fund	376,743	376,743	-	-
Total investments by fair value level	$ 205,456,011	$ 203,759,633	$ 1,696,378	$ -
Investments measured at the net asset value (NAV)				
Fixed Income - Senior Loan Fund	6,123,284			
Real Estate Investment Trust Fund	13,206,824			
Total investments measured at the NAV	19,330,108			
Total investments measured at fair value	$ 224,786,119			

Note 3 – Fair Value Measurements (Continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of equity index mutual funds, bond funds, and land and land contracts at June 30, 2017 and 2016 was determined primarily based on level 2 inputs. Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets or liabilities in active markets, and other inputs such as appraisals that are observable and obtained annually.

The fair value of vacant property located in downtown Kalamazoo was included above in level 2 assets. As of June 30, 2017 the value was determined based upon a real estate market value appraisal at June 30, 2016. The fair valuation method was changed due to classification as an investment versus a capital asset under implementation of GASB 72. At June 30, 2016 the University recognized non cash impairment charges of $4,953,710 to adjust these assets to their estimated fair values.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investments in Entities that Calculate Net Asset Value per Share

The University holds shares or interests in investment companies at year-end whereby the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies.

Note 3 – Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investments Held at June 30, 2017

	June 30, 2017	June 30, 2016	June 30, 2017		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if	Redemption Notice Period
Fixed Income - Senior Loan Fund	$ 6,443,611	$ 6,123,284	$ -	Semi-Monthly	15 days
Real Estate Investment Trust Fund	13,036,978	13,206,824	-	Monthly	30 Days
Mortgage-Backed Securities Fund	11,337,707	-	-	Weekly	The Wednesday before, or 5 business days prior to month-end
Total	$ 30,818,296	$ 19,330,108	$ -		

The Senior Loan Fund Class's focus is to invest primarily in a managed portfolio of senior loans made to corporations, partnerships, and other entities that typically hold the most senior positions in the borrower's capital. The fair value of the investments of this class have been estimated using the net asset value per share of the investments.

The Real Estate Investment Trust Fund Class's focus is to invest in companies that operate, develop or manage real estate. Investments are diversified across regions and capitalization structure. The fair value of the investments of this class have been estimated using the net asset value per share of the investments.

The Mortgage-Backed Securities Fund Class's focus is to invest in a portfolio of short-dated mortgages. The fair value of the investments of this class have been estimated using the net asset value per share of the investments.

Note 4 – Receivables

As of June 30, 2017 and 2016, accounts receivable consisted of the following:

	2017	2016
Appropriations from the State of Michigan for operations	$ 19,743,052	$ 18,969,838
Sponsored research grants receivable	3,402,894	3,987,290
Student accounts receivable	11,910,107	13,486,421
Other	6,132,192	6,564,371
Total	41,188,245	43,007,920
Less allowances for doubtful accounts	(5,134,680)	(4,536,575)
Net accounts receivable	$ 36,053,565	$ 38,471,345

As of June 30, 2017 and 2016, student loans receivable consisted of the following:

	2017	2016
Student loans receivable	$ 9,058,529	$ 9,117,500
Less allowance for doubtful accounts	(522,719)	(44,302)
Net student loans receivable	$ 8,535,810	$ 9,073,198

Note 4 – Receivables (continued)

As of June 30, 2017 and 2016, pledges receivable at the component units consisted of the following:

	Western Michigan University Foundation		Paper Technology Foundation, Inc.		Western Michigan University Research Foundation		Western Michigan University Homer Stryker M.D. School of Medicine	
	2017	2016	2017	2016	2017	2016	2017	2016
Pledges expected to be collected within 1 year	$ 12,808,990	$ 31,634,316	$ 41,192	$ 43,667	$ -	$ -	$ 25,000	$ 25,000
Pledges expected to be collected in 1-5 years	30,363,652	32,296,575	60,200	109,300	-	-	25,000	-
Total	43,172,642	63,930,891	101,392	152,967	-	-	50,000	25,000
Less:								
Allowance for uncollectible contributions	(888,792)	(678,560)	(2,823)	(7,648)	-	-	-	-
Present value discount	(1,587,931)	(1,006,593)	(5,070)	(719)	-	-	-	-
Net pledges receivable	$ 40,695,919	$ 62,245,738	$ 93,499	$ 144,600	$ -	$ -	$ 50,000	$ 25,000

Pledges receivable are presented net of a discount for the value of future cash flows and an allowance for uncollectible contributions. The discount to present value was calculated using the yield on a three-year Treasury bill rate, equal to 1.55 percent and 0.71 percent as of June 30, 2017 and 2016, respectively. The allowance for uncollectible contributions is a general valuation allowance of 5.0 percent for 2017 and 2016, established based on historical contribution collection history. Estate gifts receivable at Western Michigan University Foundation of approximately $4.9 million and $1.4 million at June 30, 2017 and 2016, respectively, included in the total pledges receivable, have no allowance for uncollectible contributions. Pledges deemed uncollectible are charged against the allowance for uncollectible contributions in the period in which the determination is made.

Note 5 – Capital Lease Receivable

The University leases a building located at 300 Portage Street in downtown Kalamazoo to WMed. The lease is classified as a single-unit direct financing lease and specifies that WMed will pay the University lease rental payments which at a minimum will be sufficient to pay the principal and interest on the lease rental revenue bonds issued by the University to fund the renovation cost of the building. The lease rental revenue bonds are payable over five years with a 30-year amortization and a balloon payment at the end of five years. The lease calls for an initial 50-year term with an automatic five-year renewal option. The lease was capitalized using a 1.9 percent capitalization rate.

The amounts receivable under the lease are as follows:

	Capital Lease Receivable		
	Principal	Interest	Total
2018	1,580,000	1,244,984	2,824,984
2019	64,280,000	516,547	64,796,547
Total	$ 65,860,000	$ 1,761,531	$ 67,621,531

Note 6 – Capital Assets

The following table presents the changes in the various fixed-asset class categories for the year ended June 30, 2017:

2017	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets:				
Land	$ 11,955,575	$ 1,345,818	$ -	$ 13,301,393
Construction in progress	46,923,946	28,229,353	52,228,251	22,925,048
Total nondepreciable property	58,879,521	29,575,171	52,228,251	36,226,441
Land improvements	77,103,261	3,967,240	1,926,687	79,143,814
Buildings	994,666,641	40,764,510	3,249,447	1,032,181,704
Buildings under capitalized lease	20,796,391	-	-	20,796,391
Equipment, software, and other	71,614,606	4,494,410	2,794,225	73,314,791
Library holdings	91,851,232	1,375,527	-	93,226,759
Total depreciable property	1,256,032,131	50,601,687	7,970,359	1,298,663,459
Total capital assets	1,314,911,652	80,176,858	60,198,610	1,334,889,900
Less accumulated depreciation:				
Land improvements	41,534,449	2,897,581	1,157,983	43,274,047
Buildings	342,457,211	18,972,800	2,778,040	358,651,971
Buildings under capitalized lease	3,623,448	415,742	-	4,039,190
Equipment, software, and other	58,958,778	5,113,158	2,611,580	61,460,356
Library holdings	81,835,994	1,666,237	-	83,502,231
Total accumulated depreciation	528,409,880	29,065,518	6,547,603	550,927,795
Capital assets - Net	$ 786,501,772			$ 783,962,105

Note 6 – Capital Assets (Continued)

The following table presents the changes in the various fixed-asset class categories for the year ended June 30, 2016:

2016	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets:				
Land	$ 17,267,104	$ 238,471	$ 5,550,000	$ 11,955,575
Construction in progress	67,987,143	74,110,077	95,173,274	46,923,946
Total nondepreciable property	85,254,247	74,348,548	100,723,274	58,879,521
Land improvements	74,965,732	2,395,685	258,156	77,103,261
Buildings	907,464,388	87,202,253	-	994,666,641
Buildings under capitalized lease	20,796,391	-	-	20,796,391
Equipment, software, and other	74,341,434	2,991,866	5,718,694	71,614,606
Library holdings	90,524,267	1,326,965	-	91,851,232
Total depreciable property	1,168,092,212	93,916,769	5,976,850	1,256,032,131
Total capital assets	1,253,346,459	168,265,317	106,700,124	1,314,911,652
Less accumulated depreciation:				
Land improvements	38,647,620	2,962,372	75,543	41,534,449
Buildings	324,460,970	17,996,241	-	342,457,211
Buildings under capitalized lease	3,207,706	415,742	-	3,623,448
Equipment, software, and other	58,586,561	5,154,602	4,782,385	58,958,778
Library holdings	80,143,490	1,692,504	-	81,835,994
Total accumulated depreciation	505,046,347	28,221,461	4,857,928	528,409,880
Capital assets - Net	$ 748,300,112			$ 786,501,772

Note 6 – Capital Assets (Continued)

The estimated cost to complete major construction projects in progress and scheduled to begin is approximately $57.9 million as of June 30, 2017. The University began construction design and planning for a 67,000 square-foot addition and renovation to the College of Aviation's education center located at the W.K. Kellogg Airport campus in Battle Creek. This project will be complete in the summer of 2019 and is expected to cost $22.0 million. It will be funded with $15.0 million from the State of Michigan and the remainder coming from gifts and other available funds. The University is working on a $5.2 million wayfaring project to improve the experience of visitors in navigating the campus. The project includes updated signage and a consistent approach for naming streets, buildings and landmarks. The project will also coordinate with future digital wayfinding options and is included in the University's Strategic Plan. The College of Health & Human Services is funding a $3.3 million project to provide housing for the newly approved Doctorate of Physical Therapy program. A $6.0 million project is being funded with gifts and other available internal monies to renovate space in Kohrman Hall for a product design and innovation facility.

Note 7 – Long Term Obligations

Long-term obligation activity for the year ended June 30, 2017 is as follows:

2017	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
General Revenue and Refunding Bonds, Series 2015A, with interest ranging from 3.00% to 5.00%, maturing November 15, 2045	$ 109,310,000	$ -	$ 65,000	$ 109,245,000	$ 380,000
General Revenue Refunding Bonds, Series 2014, with interest ranging from 3.00% to 5.00%, maturing November 15, 2035	30,040,000	-	760,000	29,280,000	985,000
General Revenue and Refunding Bonds, Series 2013, with interest ranging from 5.00% to 5.25%, maturing November 15, 2043	87,405,000	-	3,875,000	83,530,000	3,995,000
2013 Lease Rental Revenue Bonds, with interest at one-month LIBOR plus 115 basis points, an effective rate of 2.31% at June 30, 2017, maturing November 15, 2018	67,415,000	-	1,555,000	65,860,000	1,580,000
General Revenue and Refunding Bonds, Series 2011, with interest ranging from 3.00% to 5.00%, maturing November 15, 2040	57,970,000	-	2,445,000	55,525,000	2,555,000
General Revenue Refunding Bonds, Series 2009, with interest ranging from 4.25% to 5.25%, maturing November 15, 2022	28,270,000	-	3,470,000	24,800,000	3,645,000
General Revenue Bonds, Series 2008, with interest at 5.00%, maturing November 15, 2032	8,745,000	-	4,190,000	4,555,000	4,555,000
General Revenue Bonds, Series 2002B, with interest ranging from 5.25% to 5.42%, maturing November 15, 2032	14,240,000	-	545,000	13,695,000	570,000
Notes and Leases Payable					
Capital lease payable for Grand Rapids building, with an effective rate of 4.59% and monthly payments ranging from $69,016 to $95,255 for 15 years with two five-year renewal options and a buy-out purchase option	10,087,803	-	381,982	9,705,821	416,440
Total bonds, notes, and leases payable	413,482,803	-	17,286,982	396,195,821	18,681,440
Other Long-term Obligations					
Annuities payable	710,741	-	122,098	588,643	-
Unamortized bond premiums	27,109,786	-	1,792,129	25,317,657	1,792,129
Accrued compensated absences	12,716,732	910,910	1,087,017	12,540,625	-
Total long-term obligations	$ 454,020,062	$ 910,910	$ 20,288,226	$ 434,642,746	$ 20,473,569

Note 7 – Long Term Obligations (Continued)

Long-term obligation activity for the year ended June 30, 2016 is as follows:

2016	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
General Revenue and Refunding Bonds, Series 2015A, with interest ranging from 2.00% to 5.00%, maturing November 15, 2045	$ 109,310,000	$ -	$ -	$ 109,310,000	$ 65,000
General Revenue Refunding Bonds, Series 2014, with interest ranging from 3.00% to 5.00%, maturing November 15, 2035	30,040,000	-	-	30,040,000	760,000
General Revenue and Refunding Bonds, Series 2013, with interest ranging from 4.00% to 5.25%, maturing November 15, 2043	90,415,000	-	3,010,000	87,405,000	3,875,000
2013 Lease Rental Revenue Bonds, with interest at one-month LIBOR plus 115 basis points, an effective rate of 1.59% at June 30, 2016, maturing November 15, 2018	68,950,000	-	1,535,000	67,415,000	1,555,000
General Revenue and Refunding Bonds, Series 2011, with interest ranging from 3.00% to 5.00%, maturing November 15, 2040	60,300,000	-	2,330,000	57,970,000	2,445,000
General Revenue Refunding Bonds, Series 2009, with interest ranging from 4.25% to 5.25%, maturing November 15, 2022	31,570,000	-	3,300,000	28,270,000	3,470,000
General Revenue Bonds, Series 2008, with interest ranging from 4.00% to 5.00%, maturing November 15, 2032	12,920,000	-	4,175,000	8,745,000	4,190,000
General Revenue Bonds, Series 2002B, with interest ranging from 5.25% to 5.42%, maturing November 15, 2032	14,755,000	-	515,000	14,240,000	545,000
Notes and Leases Payable					
Capital lease payable for Grand Rapids building, with an effective rate of 4.59% and monthly payments ranging from $69,016 to $95,255 for 15 years with two five-year renewal options and a buy-out purchase option	11,071,817	-	984,014	10,087,803	381,983
Total bonds, notes, and leases payable	429,331,817	-	15,849,014	413,482,803	17,286,983
Other Long-term Obligations					
Annuities payable	746,863	-	36,122	710,741	-
Unamortized bond premiums	28,901,916	-	1,792,130	27,109,786	1,792,129
Accrued compensated absences	12,400,740	316,986	994	12,716,732	-
Total long-term obligations	$ 471,381,336	$ 316,986	$ 17,678,260	$ 454,020,062	$ 19,079,112

Note 7 – Long Term Obligations (Continued)

The bonds and notes payable are generally callable by the University. The principal and interest amounts are payable as follows:

	Bonds and Notes Payable			
	Principal	Interest	Total	Obligations Under Capital Lease
2018	18,265,000	16,871,696	35,136,696	844,753
2019	81,850,000	15,308,015	97,158,015	861,648
2020	17,920,000	13,910,852	31,830,852	878,881
2021	19,250,000	12,982,876	32,232,876	896,459
2022	19,885,000	12,025,426	31,910,426	914,388
2023-2027	65,685,000	49,196,723	114,881,723	4,853,681
2028-2032	70,370,000	32,120,976	102,490,976	3,966,950
2033-2037	42,790,000	17,845,507	60,635,507	-
2038-2042	36,125,000	8,206,044	44,331,044	
2043-2046	14,350,000	1,047,419	15,397,419	-
Total	$ 386,490,000	$ 179,515,534	$ 566,005,534	13,216,760
Less amount representing interest				(3,510,939)
Present value of net minimum lease payments				$ 9,705,821

Interest expense for the University on all indebtedness was $20,663,376 and $21,045,931 for the years ended June 30, 2017 and 2016, respectively. Construction period interest, which is capitalized as part of the cost of the assets constructed, was $74,711 and $1,264,511 for the years ended June 30, 2017 and 2016, respectively.

Bond Defeasance

In July 2014, the University issued $30,040,000 of General Revenue and Refunding Bonds, Series 2014 with an average interest rate of 4.48 percent to advance refund $30,750,000 outstanding General Revenue Bonds, Series 2005. $32,142,662 of the proceeds were deposited with the trustee to pay principal and interest on the Series 2005 bonds when called for redemption on May 15, 2015. The advance refunding resulted in an economic gain of $1,470,348 due to the total debt service payments decreasing by $1,548,693.

Note 7 – Long Term Obligations (Continued)

In May 2015, the University issued $109,310,000 of General Revenue and Refunding Bonds, Series 2015 with an average interest rate of 3.32 percent, a portion of which was used to advance refund $88,960,000 outstanding General Revenue Bonds, Series 2008 with an average interest rate of 4.42 percent. $99,870,281 of the proceeds was deposited into an escrow account with the trustee and will be used to pay principal and interest on the Series 2008 bonds when called for redemption on May 15, 2018. The advance refunding resulted in an economic gain of $4,606,505 due to the total debt service payments decreasing by $5,956,083. The remaining proceeds were used to pay issuance costs and to finance new projects.

Note 8 – Insurance

The University is a participant in the Michigan Universities Self-Insurance Corporation (MUSIC). This organization provides insurance coverage for errors and omissions liability, comprehensive general liability, physical damage and auto liability insurance. In fiscal year 2017, there are 11 universities that participate in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability errors and omissions and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

The maximum possible assessment for the University for the year ended June 30, 2017 is $1.5 million. The University has not been subjected to additional assessments since the formation of MUSIC in 1987. Historically, the obligations and expenses (claims) have been less than the combined periodic payments and accumulated operational reserves for any given year.

The University is essentially self-insured for hospital/medical and workers' compensation coverage. Stop-loss coverage has been purchased by the University for hospital/medical and workers' compensation. The University is self-insured for long-term disability claims of less than six months in duration and for any claims incurred prior to March 5, 2012 that are still payable. As of March 5, 2012, the University purchased insurance for claims lasting six months or more. Liabilities associated with expected unpaid claims have also been determined and are accrued on the balance sheet.

Note 8 – Insurance (Continued)

Claims activity for the year ended June 30, 2017 is as follows:

	Liability - Beginning of Year	Claims Incurred, Including Changes in Estimates	Claim Payments	Liability - End of Year
Hospital/Medical claims	$ 2,521,000	$ 44,129,434	$ (43,900,434)	$ 2,750,000
Workers' compensation claims	1,626,973	1,527,749	(1,346,342)	1,808,380
Long-term disability claims	1,533,244	(234,813)	(253,956)	1,044,475
General liability claims	761,679	360,647	(475,444)	646,882
	$ 6,442,896	$ 45,783,017	$ (45,976,176)	$ 6,249,737

Claims activity for the year ended June 30, 2016 is as follows:

	Liability - Beginning of Year	Claims Incurred, Including Changes in Estimates	Claim Payments	Liability - End of Year
Hospital/Medical claims	$ 2,290,000	$ 43,106,631	$ (42,875,631)	$ 2,521,000
Workers' compensation claims	1,459,936	1,324,743	(1,157,706)	1,626,973
Long-term disability claims	1,743,363	311,445	(521,564)	1,533,244
General liability claims	767,234	394,164	(399,719)	761,679
	$ 6,260,533	$ 45,136,983	$ (44,954,620)	$ 6,442,896

Note 9 – Retirement Plans

Defined Contribution Plan

The University offers employees eligible for the WMU retirement plan the opportunity to participate in the TIAA-CREF plan. Funding for the plan consists of an employer contribution of 11 percent of covered compensation for employees hired before January 1, 2013. For participating employees hired on or after January 1, 2013, the University contributes 9 percent of covered compensation. The University contribution increases to 10 percent if the employee tax-defers at least 1 percent but less than 2 percent, and to 11 percent if the employee tax-defers 2 percent or more. The University has no liability beyond its contribution. Benefits vest immediately for eligible salaried employees and vest after a five-year period for eligible hourly nonexempt participants. Contributions for the years ended June 30, 2017, 2016, and 2015 were approximately $21.3 million, $20.0 million, and $20.2 million, respectively.

Other Postemployment Benefits

Plan Description - The University provides retiree life insurance, health, and dental care benefits, including prescription drug coverage, to retired employees, their spouses, and dependent children. Benefits are provided to all retired faculty, academic, and support staff that retired at the age of 55 or older and had provided 10 years or more of service to the University for employees hired on or before September 1, 2010. Currently, the plan has 2,796 active members, of which 1,230 are eligible to receive life insurance upon retirement. Employees who are professional and support staff hired after September 1, 2010 pay 100 percent of the premium upon retirement and must be at the age of 60 or older and have provided 15 or more years of service to the University. Other employee groups' agreements vary based on contracts.

This is a single-employer defined benefit plan administered by the University. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions (or by the employer if not funded through the plan).

Note 9 – Retirement Plans (Continued)

Funding Policy - Retirees or their surviving spouses are required to make annual contributions of between $1,436 to $23,816, depending on their age and if their spouses or dependents are covered. The University has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). The costs of administering the plan are borne by the University.

Funding Progress - For the years ended June 30, 2017 and 2016, the University has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2017. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

	2017	2016
Annual required contribution (recommended)	$ 16,300,968	$ 15,647,033
Interest on the prior year's net OPEB obligation	12,018,884	11,487,317
Less adjustment to annual required contribution	(14,269,393)	(13,638,291)
Annual OPEB cost	14,050,459	13,496,059
Amounts contributed:		
Payments of current premiums	(4,963,583)	(5,124,918)
Advance funding	-	-
Increase in net OPEB obligation	9,086,876	8,371,141
OPEB obligation - Beginning of year	189,273,769	180,902,628
OPEB obligation - End of year	$ 198,360,645	$ 189,273,769

Note 9 – Retirement Plans (Continued)

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

	Fiscal Year Ended June 30		
	2017	2016	2015
Annual OPEB costs	$ 14,050,459	$ 13,496,059	$ 13,303,715
Percentage contributed	35%	38%	39%
Net OPEB obligation	$ 198,360,645	$ 189,273,769	$ 180,902,628

The funding progress of the plan as of the most recent valuation date is as follows:

	Valuation as of June 30		
	2017	2016	2015
Actuarial value of assets	$ -	$ -	$ -
Actuarial accrued liability (AAL)	$ (124,830,767)	$ (163,120,015)	$ (153,895,212)
Unfunded AAL (UAAL)	$ (124,830,767)	$ (163,120,015)	$ (153,895,212)
Funded ratio	0.00%	0.00%	0.00%
Annual covered payroll	$ 178,808,000	$ 157,594,000	$ 157,594,000
Ratio of UAAL to covered payroll	69.8%	103.5%	97.7%

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 9 – Retirement Plans (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2017 actuarial valuation, the unit credit method was used. The actuarial assumptions included a 6.02 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The healthcare trend rate assumption was updated to schedules of rates grading from initial rates of 7.0 percent for pre-65 medical costs, 5.0 percent for post-65 medical costs, and 12.0 percent for prescription drugs, grading down to 4.5 percent in 2025 and beyond. This change was made to better anticipate future experience. The inflation assumption rate was 3.0. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a seven-year period.

For the year ended June 30, 2016, the University used a 6.35 percent investment rate of return, which was consistent with the investment's actual return, to determine the interest on the prior year's net obligation.

Note 10 – Michigan Public School Employees' Retirement System

Plan Description - The University participates in the Michigan Public School Employees' Retirement System (MPSERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all hourly employees and some salary employees hired prior to January 1, 1996. Employees hired on or after January 1, 1996 cannot participate in MPSERS, unless they previously were enrolled in the plan at the University, or one of the other six universities that are part of MPSERS. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides post-employment health care benefits to retirees and beneficiaries who elect to receive those benefits.

Note 10 – Michigan Public School Employees' Retirement System (Continued)

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and post-employment health care plans. That report is available on the web at www.michigan.gov/mpsers-cafr.

Contributions - Public Act 300 of 1980, as amended, required the University to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the State Legislature. Under these provisions, each University contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

University contributions are determined based on employee elections. There are seven different benefit options included in the plan available to employees based on date of hire. The University contributes to MPSERS a percentage of member and non-member payrolls, determined by the plan's actuaries, for the unfunded portion of future pensions. Contribution rates are adjusted annually by the ORS. The range of rates are as follows:

	Funded Portion	Unfunded Portion
October 1, 2016 - June 30, 2017	4.30%	18.75%
October 1, 2015 - June 30, 2016	4.87%	20.26%

Depending on the plan selected, plan member contributions range from 0.0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The University required and actual contributions to the plan for the years ended June 30, 2017 and 2016 were $7,971,759 and $7,729,726, respectively. In addition, the University recognized contributions include $1,195,148 and $1,114,811 revenue received from the State of Michigan to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the years ended June 30, 2017 and 2016, respectively. These funds were also remitted to the plan.

Note 10 – Michigan Public School Employees' Retirement System (Continued)

Benefits Provided - Benefit provisions of the defined benefit pension plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death, and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

Note 10 – Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability, Deferrals, and Pension Expense - The University reported a liability of $127,039,098 and $118,006,895 for its proportionate share of the net pension liability at June 30, 2017 and 2016, respectively. The net pension liability for fiscal year 2017 was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2015. The net pension liability for fiscal year 2016 was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2014. The University's proportion of the net pension liability was based on statutorily required contributions relative to all participating universities' contributions for the measurement period. At September 30, 2016, the University's proportion was 22.68%, an increase of 1.17% from its proportion measured as of September 30, 2015. On September 29, 2015, the University received approximately $24.2 million from the plan for a plan error in requiring excess contributions. This refund reduced the plan's net position and increased the University's net pension liability as of June 30, 2016.

For the years ended June 30, 2017 and 2016, the University recognized pension expense of $18,071,935 and $11,921,271, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2017		June 30, 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 203,397	$ -	$ 1,620,896	$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan assets	1,231,654	-	341,741	-
Changes in proportion and differences between University contributions and proportionate share of contributions	1,240,863	-	81,456	(178,209)
University contributions subsequent to the measurement date	7,170,406	-	6,859,905	-
Total	$ 9,846,320	$ -	$ 8,903,998	$ (178,209)

Note 10 – Michigan Public School Employees' Retirement System (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	$ 1,135,814
2018	(308,446)
2019	1,735,955
2020	112,591
2021	-
Thereafter	-
Total	$ 2,675,914

In addition, the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Actuarial Assumptions - The total pension liability as of September 30, 2016 and September 30, 2015 is based on the results of an actuarial valuation date of September 30, 2015 and September 30, 2014, respectively, and rolled forward using generally accepted actuarial procedures, including the experience study.

Additional information as of the latest actuarial valuation follows:

Actuarial cost method	Entry Age, Normal
Wage inflation rate	3.5 percent
Assumed rate of return	8.0 percent
Projected salary increases	3.5 - 12.3 percent, including wage inflation at 3.5 percent
Cost-of-Living Pension Adjustments	3.0 percent annual non-compounded for MIP members

Note 10 – Michigan Public School Employees' Retirement System (Continued)

Mortality	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100 percent of the table rates were used. For active members, 80 percent of the table rates were used for males and 70 percent of the table rates were used for females.

Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

Full actuarial assumptions are available in the 2016 MPSERS Comprehensive Annual Financial Report (www.michigan.gov/mpsers-cafr).

Discount Rate - The discount rate used to measure the total pension liability was 8.00 percent for the September 30, 2016 and 2015 measurement periods. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

Note 10 – Michigan Public School Employees' Retirement System (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	September 30, 2016		September 30, 2015	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	28.0%	5.9%	28.0%	5.9%
Private Equity Pools	18.0%	9.2%	18.0%	9.2%
International Equity Pools	16.0%	7.2%	16.0%	7.2%
Fixed-income Pools	10.5%	0.9%	10.5%	0.9%
Real Estate and Infrastructure Pools	10.0%	4.3%	10.0%	4.3%
Real Return, Opportunistic, and Absolute Pools	15.5%	6.0%	15.5%	6.0%
Short Term Investment Pools	2.0%	0.0%	2.0%	0.0%
Total	100.0%		100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the University, calculated using the discount rate of 8.00 percent, as well as what the University net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (7.00 percent) or 1.00 percentage point higher (9.00 percent) than the current rate:

	Net Pension Liability		
	1.00 percent decrease (7.00 percent)	Current Discount Rate (8.00 percent)	1.00 percent increase (9.00 percent)
2017	$ 148,446,781	$ 127,039,098	$ 108,536,544
2016	$ 138,461,847	$ 118,006,895	$ 100,351,167

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available at www.michigan.gov/mpsers-cafr.

Note 10 – Michigan Public School Employees' Retirement System (Continued)

Changes Since the Measurement Date - On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation by 0.5%. The actuarial computed employer contributions and the net pension liability for the measurement period ending September 30, 2017 will increase as a result of this change.

Payable to the Pension Plan - The University reported a payable of $941,530 and $494,677 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2017 and 2016, respectively.

Postemployment Benefits Other Than Pensions (OPEB) – Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay as you go basis. Participating employers are required to contribute at that rate. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403B account.

The University's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2017, 2016, and 2015 were $2,924,436, $3,440,796, and $4,040,537, respectively.

Note 11 – Commitments and Contingencies

In the normal course of its activities, the University is a party in various legal and regulatory actions. The University believes that the outcome of these actions will not have a material effect on the financial statements.

Note 12 – Upcoming Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the University to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the Michigan Public School Employees Retirement Plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information. The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2018.

In March 2016, the Governmental Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which addresses the recognition and measurement of irrevocable split-interest agreements where the government is a beneficiary of the agreement. This standard will require the University to recognize on the face of the financial statements any assets, liabilities, and deferred inflows of resources at the inception of the agreement. The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2018.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The University is currently evaluating the impact of this standard, specifically related to holding assets for other organizations. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2020.

Note 12 – Upcoming Accounting Pronouncements (Continued)

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is expected to have a significant effect on the University’s financial statements as a result of the leases for real property and equipment classified as operating leases. The effect of applying the new lease guidance on the financial statements has not yet been determined. The provisions of this statement are effective for the University’s financial statements for the year ending June 30, 2021.

Required Supplemental Information

Schedule of Pension Funding Progress (amounts were determined as of September 30 of each fiscal year):

	2016	2015	2014
University's proportion of the universities collective MPSERS net pension liability:			
As a percentage	22.68%	21.51%	21.67%
Amount	$ 127,039,098	$ 118,006,895	$ 81,280,501
University's covered-employee payroll	$ 16,941,960	$ 18,109,793	$ 19,352,399
University's proportional share of the collective pension liability (amount), as a percentage of the University's covered-employee payroll	749.85%	651.62%	420.00%
MPSERS fiduciary net position as a percentage of the total pension liability	46.77%	47.45%	63.00%

Schedule of Contributions (amounts were determined as of June 30 of each fiscal year):

	2017	2016	2015
Statutorily required contribution	$ 8,818,750	$ 8,480,013	$ 7,007,529
Contributions in relation to the actuarially determined contractually required contribution	$ 8,818,750	$ 8,480,013	$ 7,548,071
Contribution deficiency (excess)	$ -	$ -	$ (540,542)
Covered employee payroll	$ 16,500,563	$ 17,156,507	$ 19,002,237
Contributions as a percentage of covered employee payroll	53.45%	49.43%	39.72%

Notes to Required Supplemental Information:

Changes of benefit terms: There were no changes of benefit terms in 2016.

Changes of assumption: There were no changes of assumptions in 2016.