

State of Illinois
Illinois State University
Compliance Examination
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2011
Performed as Special Assistant Auditors for
the Auditor General, State of Illinois



**State of Illinois
 Illinois State University
 Compliance Examination
 (In Accordance with the Single Audit
 Act and OMB Circular A-133)
 For the Year Ended June 30, 2011**

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Financial Statement Report

The University’s financial statement report for the year ended June 30, 2011, which includes the report of independent auditors, management discussion and analysis, required supplementary information other than management discussion and analysis, basic financial statements and notes, supplementary information, and the independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards* has been issued separately.

State of Illinois
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(In Accordance with the Single Audit
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State of Illinois
Illinois State University
Supplementary Information for State Compliance Purposes
Year Ended June 30, 2011

Source of Requirement

Revised Memo from Office of the Auditor General, Dated June 25, 2000	Page Number and Report Where Information is Contained
Item 12, Entities Financial Statements	See Note 22 of financial statements
Item 13, Report Contents:	
a. Compliance Findings pertaining to the 1982 University Guidelines, as amended	See Note 1 below
b. Statement of Sources and Applications of Indirect Cost Recoveries	Page 61 in this Report
c. Calculation for Indirect Cost Carryforward	Page 66 in this Report
d. Tuition Diverted to Auxiliary Enterprise Operations	None
e. Identification of Each Specific Accounting Entity and Description of the Sources of Revenue and Purpose of Each	Pages 75 - 76 in this Report
f. Financial Statements by Entity Including Plant Fund Data	Pages 60 - 65 in this Report
g. Calculation Sheets for Current Excess Funds	Pages 67 - 74 in this Report
h. Disclosure of Support Which Auxiliary Enterprise and Activities Have Received During the Year from State Appropriated Funds	Page 79 in this Report
i. Statement of Revenue and Expenditures for Various Bond Indenture Required Accounts	See Note 22 of financial statements
j. Statement of Whether Bond Accounting Conforms to the Terms of the Bond Indenture	See Note 2 below
k. List and Description of Noninstructional Facilities Reserves	Page 78 in this Report
l. List of All University-Related Organizations (UROs) List of Independent Organizations	Page 77 in this Report None
m. Disclosure of Payments by UROs to the University for Services Provided	Page 77 in this Report

State of Illinois
Illinois State University
Cross-Reference Table of Special Reporting
Required by 1982 University Guidelines, as Amended,
and the Office of the Auditor General
For the Year Ended June 30, 2011

Source of Requirement

Revised Memo from Office of the Auditor General, Dated June 25, 2000	Page Number and Report Where Information is Contained
Item 13, Report Contents (Continued):	
n. Disclosure of Payment by the University to UROs for Services Provided	Page 77 in this Report
o. Disclosure of Cumulative Amount of Unreimbursed Subsidies	Page 77 in this Report
p. Description of Any Debt Financing by a URO	Page 58 in this Report
q. Schedule of Cash and Investments	Pages 41 - 42 in this Report
r. Statement Regarding Income from Investments of Pooled Funds	See Note 3 below
s. Costs per Full-Time Equivalent Student	Page 50 in this Report
t. Disclosure of Acquisition of Real Estate by the University or URO not Funded by Separate Specific Appropriation	Page 59 in this Report
u. Disclosure of Issuance of Certificates of Participation (COPs) or Participation in Lease or Purchase Arrangements involving COPs	See Note 9 of financial statements
Other Financial Related Schedules for Universities:	
1. Schedule of Appropriations, Expenditures, and Lapsed Balances by Major Line Item	Page 37 in this Report
2. Schedule of Income Fund Revenues and Expenses	Page 39 in this Report
3. Schedule of Tuition and Fee Waivers	Pages 56 - 57 in this Report
Note 1 - There were no violations of the compliance requirements of the University Guidelines identified during the audit of Illinois State University for the year ended June 30, 2011.	
Note 2 - There were no violations of revenue bond covenants noted during the audit of Illinois State University for the year ended June 30, 2011.	
Note 3 - Investment income of pooled funds has been allocated and credited to the original sources of the funds to the extent practical. There was no unallocated investment income that was required to be paid into the Income Fund.	

State of Illinois
Illinois State University
Compliance Examination
June 30, 2011

Agency Officials

President	Dr. C. Alvin Bowman
Vice President for Finance and Planning	Dr. Daniel Layzell
Vice President for Academic Affairs and Provost	Dr. Sheri Everts
Vice President for Student Affairs	Mr. Steve Adams
Vice President for University Advancement	Ms. Erin Minne´
Comptroller	Mr. Greg Alt
Legal Counsel	Ms. Lisa Huson
Director - Internal Audit	Mr. Robert Blemler

Board of Trustees (as of June 30, 2011)

Chair	Hon. Judge Michael McCuskey
Secretary	Ms. Joanne Maitland
Member	Mr. Jay D. Bergman
Member	Ms. Anne Davis
Member	Mr. Bob Dobski
Member	Ms. Betty Kinser
Student Member	Mr. Sean Palmer

Office Locations

Agency offices are located at:

Hovey Hall
Campus Box 1100
Normal, IL 61790-1100



BKD, LLP
 Certified Public Accountants
 225 North Water Street, Suite 400
 Decatur, IL 62525-1580

March 2, 2012

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois – Illinois State University. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the State of Illinois – Illinois State University's compliance with the following assertions during the year ended June 30, 2011. Based on this evaluation, we assert that during the year ended June 30, 2011, the State of Illinois – Illinois State University has materially complied with the assertions below.

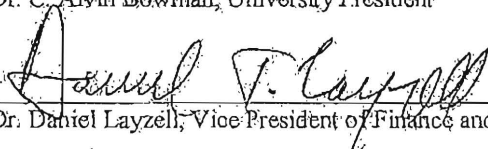
- A. The State of Illinois – Illinois State University has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois – Illinois State University has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois – Illinois State University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois – Illinois State University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois – Illinois State University on behalf of the State or held in trust by the State of Illinois – Illinois State University have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

State of Illinois – Illinois State University



 Dr. C. Alvin Bowman, University President



 Dr. Daniel Layzell, Vice President of Finance and Planning



 Ms. Lisa Huson, General Counsel

State of Illinois
Illinois State University
Compliance Report Summary
June 30, 2011

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

Accountants' Reports

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report
Findings	5	3
Repeated findings	2	2
Prior recommendations implemented or not repeated	1	0

Summary of Findings and Questioned Costs

Item No.	Page	Description	Finding Type
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Findings (Government Auditing Standards)

11-1	17	Inadequate Controls over Accounts Receivable	Material Weakness
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Findings and Questioned Costs (Federal Compliance)

The audit did not disclose findings required to be reported by OMB Circular A-133.

Findings (State Compliance)

11-2	19	Lack of Review of Human Resource Computer System Before Implementation	Material Weakness and Material Noncompliance
11-3	21	Computer Security Administration Deficiencies	Significant Deficiency and Noncompliance
11-4	24	Weakness Regarding the Security and Control of Confidential Information	Significant Deficiency and Noncompliance

State of Illinois
Illinois State University
Compliance Report Summary
June 30, 2011

Summary of Findings and Questioned Costs

Item No.	Page	Description	Finding Type
11-5	26	Timesheets not Required	Significant Deficiency and Noncompliance

In addition, the following findings which are reported as current findings and questioned costs relating to Government Auditing Standards also meet the reporting requirements for State Compliance.

11-1	17	Inadequate Controls over Accounts Receivable	Material Weakness and Material Noncompliance
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Prior Finding Not Repeated

A.	27	Lack of Reviewed and Approved Periodic Reconciliation of the Detailed Property and Equipment Listings to the General Ledger
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Exit Conference

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on February 6, 2012. Attending were:

Representing Illinois State University

Vice President for Finance and Planning	Dr. Daniel Layzell
Comptroller	Mr. Greg Alt
Assistant Comptroller	Ms. JoEllen Bahnsen
Director - Internal Audit	Mr. Robert Blemler
Associate Vice President for Administrative Technology	Ms. Andrea Ballinger
Associate Vice President – Chief Technology Officer	Mr. Mark Walbert

Representing BKD LLP

Manager	Ms. Heather M. Powell, CPA
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State of Illinois
Illinois State University
Compliance Report Summary
June 30, 2011

Representing the Office of the Auditor General

Audit Manager

Mr. Daniel J. Nugent, CPA

Information Systems Audit Manager (via phone)

Ms. Kathleen A. Devitt, CISA

Responses to the recommendations were provided by Mr. Greg Alt, Comptroller, in an e-mail dated February 10, 2012.

**Independent Accountants' Report on State Compliance,
on Internal Control Over Compliance, and on Supplementary
Information for State Compliance Purposes**

Honorable William G. Holland
Auditor General
State of Illinois

and

Board of Trustees
State of Illinois – Illinois State University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois – Illinois State University's compliance with the requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies* (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2011. The management of the State of Illinois – Illinois State University is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois – Illinois State University's compliance based on our examination.

- A. The State of Illinois – Illinois State University has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois – Illinois State University has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois – Illinois State University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois – Illinois State University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the State of Illinois – Illinois State University on behalf of the State or held in trust by the System have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois – Illinois State University’s compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois – Illinois State University’s compliance with specified requirements.

As described in Findings 11-1 and 11-2 in the accompanying schedule of findings and questioned costs, the State of Illinois – Illinois State University did not comply with requirements regarding applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. Compliance with such requirements is necessary, in our opinion, for the State of Illinois – Illinois State University to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois – Illinois State University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2011. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 11-3 through 11-5.

Internal Control

The management of the State of Illinois – Illinois State University is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois – Illinois State University’s internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Illinois State University’s internal controls over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois – Illinois State University’s internal control over compliance.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and question costs, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items 11-1 and 11-2 to be material weaknesses.

A significant deficiency over compliance is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-3 through 11-5 to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The State of Illinois – Illinois State University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the State of Illinois – Illinois State University's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the State of Illinois – Illinois State University as of and for the year ended June 30, 2011, which collectively comprise the State of Illinois – Illinois State University's basic financial statements, and have issued our report thereon dated March 2, 2012. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State of Illinois – Illinois State University. The 2011 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2011, taken as a whole.

Other auditors previously audited, in accordance with auditing standards generally accepted in the United States, the State of Illinois – Illinois State University's basic financial statements for the year ended June 30, 2010. In their report dated March 30, 2011, they expressed unqualified opinions on the financial statements of the business type activities. In their opinion, the 2010 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2010, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Board of Trustees of the State of Illinois – Illinois State University, the State of Illinois – Illinois State University management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

March 2, 2012

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Honorable William G. Holland
Auditor General
State of Illinois

and

Board of Trustees
State of Illinois – Illinois State University

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities of State of Illinois – Illinois State University (University) and its aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements and have issued our report thereon dated March 2, 2012, which contains a reference to the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the State of Illinois – Illinois State University is responsible for established and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 11-1 in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Illinois State University in a separate letter dated March 2, 2012.

Illinois State University's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit Illinois State University's responses and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Board of Trustees of Illinois State University, University management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

March 2, 2012

Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards in Accordance With OMB Circular A-133

Honorable William G. Holland
Auditor General
State of Illinois

and

Board of Trustees
State of Illinois – Illinois State University

Compliance

We have audited the compliance of the State of Illinois – Illinois State University with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State of Illinois – Illinois State University's major federal programs for the year ended June 30, 2011. The State of Illinois – Illinois State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Illinois – Illinois State University's management. Our responsibility is to express an opinion on the State of Illinois – Illinois State University's compliance based on our audit.

The Schedule of Expenditures of Federal Awards and our audit described below does not include expenditures of federal awards for those agencies determined to be component units of the State of Illinois – Illinois State University for financial statement purposes.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The State of Illinois - Illinois State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Illinois – Illinois State University's compliance with those requirements.

In our opinion, the State of Illinois – Illinois State University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the State of Illinois – Illinois State University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Illinois – Illinois State University’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois – Illinois State University’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities of the State of Illinois – Illinois State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2011, which collectively comprise the State of Illinois – Illinois State University’s basic financial statements, and have issued our report thereon dated March 2, 2012, which contains a reference to the report of other auditors and an explanatory paragraph regarding an adjustment to the prior period financial statements. Other auditors audited the financial statements of the State of Illinois – Illinois State University’s discretely presented component unit, as described in our report on the State of Illinois – Illinois State University’s financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois – Illinois State University’s basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Board of Trustees of the State of Illinois – Illinois State University, the State of Illinois – Illinois State University management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

March 2, 2012

State of Illinois
Illinois State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Summary of Auditor's Results

Financial Statements

1. The opinion expressed in the independent accountants' report was:

Unqualified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting disclosed:

Material weakness(es)?

Yes None reported

Significant deficiency(ies)?

Yes None reported

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

4. The independent accountants' report on internal control over compliance with requirements that could have a direct and material effect on major federal awards programs disclosed:

Material weakness(es)?

Yes None reported

Significant deficiency(ies)?

Yes None reported

5. The opinion expressed in the independent accountants' report on compliance with requirements that could have a direct and material effect on major federal awards was:

Unqualified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported in accordance with Section 510(a) of Circular A-133?

Yes No

State of Illinois
Illinois State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

7. The University's major programs were:

Cluster/Program	CFDA Number
Student Financial Aid Cluster	84.007 84.033 84.038 84.063 84.185 84.268 84.375 84.376 84.379 64.124 93.364 94.006
Research and Development Cluster	This cluster includes numerous CFDA numbers. Refer to programs noted with (**) on the Schedule of Federal Awards
Broadband Technology Opportunities Program	11.557
Improving Teacher Quality State Grants	84.367

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$503,317.

9. The Auditee qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

State of Illinois
Illinois State University
Schedule of Findings and Recommendations
Year Ended June 30, 2011

Current Findings – Government Auditing Standards

11-1. Finding – Inadequate Controls over Accounts Receivable

Illinois State University (University) did not exercise adequate internal control over accounts receivable.

During testing, we noted the following:

- The University overstated tuition and fees receivable by amounts originally estimated to be received from the State, but were not adjusted to reflect actual amounts received. The University recorded tuition and fees accounts receivable for entitlement scholarships awarded to eligible students based upon various State laws. The University is reimbursed for the tuition and fee revenue at a later date, based upon the availability of funds within the State's budget. In the event of insufficient appropriations, the University must bear the cost of the awards. As the State did not pay the cost of tuition and fees waived, the University did not monitor and properly account for the nonpayment, resulting in an overstatement of receivables. The University recorded a prior period adjustment of \$5,189,665 for overstated receivables from FY06 to FY10 and a current period adjustment of \$1,289,557 for overstated receivables occurring in FY11.
- The University does not have a formal methodology to record, review, and adjust the allowance for uncollectible accounts receivable that takes into account historical factors, such as collections, with qualitative factors.
- The University has not reviewed the allowance for uncollectible accounts receivable since FY09.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain fiscal and administrative controls to provide assurance that resources applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State's resources.

University personnel stated this overstatement was the result of employees not being aware that certain scholarship payments from the State were no longer collectible.

Failure to perform a periodic analysis of amounts due to the University and develop a consistent methodology to support the amounts recorded as uncollectible accounts receivable resulted in a material misstatement of accounts receivable. (Finding Code No. 11-1)

Recommendation

We recommend the University implement controls to periodically review accounts receivable and adopt a methodology to record, review, and adjust an allowance for uncollectible accounts receivable based upon historical collectability data, adjusted for any potential qualitative considerations.

State of Illinois
Illinois State University
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11-1. Finding – Inadequate Controls over Accounts Receivable (continued)

University Response

Accepted. The University will review its methodology and controls for reviewing and adjusting the allowance for uncollectible accounts receivable and incorporate a more formal analysis that accounts for historical and potential qualitative considerations.

State of Illinois
Illinois State University
Schedule of Findings and Recommendations
Year Ended June 30, 2011

Current Findings – State Compliance

11-2. Finding – Lack of Review of Human Resource Computer System Before Implementation

The Illinois State University (University) Internal Audit Department did not review the new Human Resources system prior to its implementation.

The University implemented a Human Resources system in July 2011. The system is used to perform and track functions such as payroll, time and labor for all 3,500 faculty and personnel at the University. The initial selection process began in 2006 to replace a 20-year old system. The project appears to have had an initial budget of \$3.5 million, with a subsequent addition of \$2 million in 2010, for a total budget of \$5.5 million.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/2003(a)(3)) requires the University's internal auditing program to conduct "reviews of the design of major new electronic data processing systems and major modifications of those systems before their installation to ensure the systems provide for the adequate audit trails and accountability." In addition, the University's Audit Charter requires the University's Internal Audit Department "review the design of major new computer information systems and major modifications to existing computer information systems before their installation to ensure that they provide for adequate internal controls, transaction trails, and accountability."

According to University personnel, the Office of Internal Audit was not involved in the development of the Human Resources system (iPeople) due to a change in management and staff within the Office of Internal Auditing.

Failure to review a major system change prior to its implementation could result in inadequate audit trails and accountability and is noncompliant with a statutory mandate. (Finding Code No. 11-2)

Recommendation

We recommend the University's Internal Audit Department perform a review of any major computerized system prior to its implementation and maintain documentation of its review.

State of Illinois
Illinois State University
Schedule of Findings and Recommendations
Year Ended June 30, 2011

11-2. Finding – Lack of Review of Human Resource Computer System Before Implementation (continued)

University Response

Accepted. The University concurs with the recommendation that the University's Internal Audit Department perform a review of any major computerized system prior to implementation. Due to a change in management of the Office of Internal Audit, it was not included as part of the iPeople Steering Committee or the Project Team. The Office of Internal Audit did regularly meet with the Associate Vice President for Administrative Technologies and the Chief Technology Officer during FY 2011 in which the iPeople project status and issues were discussed. Regular meetings with information technology management, as well as Office of Internal Audit involvement on several information technology related committees, have improved communication and will ensure involvement of the Office of Internal Audit in any new major computerized system implementation or significant modifications. Additionally, a post-implementation audit of the iPeople system is scheduled as part of the FY2012 Internal Audit Plan.

State of Illinois
Illinois State University
Schedule of Findings and Recommendations
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11-3 Finding – Computer Security Administration Deficiencies

Illinois State University (University) had not established adequate security policies and control over its computer environment.

The University had not fully developed and approved relevant security policies and procedures. We reviewed the University's policies and procedures and noted the following weaknesses:

- The University's Security Policy is in draft form. At the time of testing the policy had not been approved by senior management or communicated to the appropriate individuals.
- The University had established change management procedures and processes for the new Human Resource system; however, we found no formal backout plans existed if changes were unsuccessful after a move to production.
- Antivirus software was not present on 10% of computer systems.
- Over 73,300 active user accounts had never been used and another 2,400 had not been used in over a year.
- The University's password expiration policy was not enforced. 2,498 accounts had non-expiring passwords.
- An excessive number (81) of user accounts had powerful administrative access rights.

Generally accepted information systems audit guidelines endorse the development of computer security policies that adequately address the current technological environment and well-designed and well-managed controls to protect computer systems and data.

According to University personnel, this resulted from the lack of a cohesive IT Governance structure including a common, formal, and disciplined approach for managing IT.

Controls provide assurance that an appropriate security structure is established to make certain that information assets and resources are adequately protected from unauthorized or accidental disclosure, modification, or destruction. (Finding Code No. 11-3)

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11-3 Finding – Computer Security Administration Deficiencies (continued)

Recommendation

We recommend that the University develop standard security guidelines to ensure security controls are adequately addressed across the University. Comprehensive policies and procedures should outline general security provisions, appropriate use of computer resources, backup and care of data, and other appropriate policies to help ensure that effective controls exist. Specifically the University should:

- Finalize and communicate policies and procedures to all users, and develop a monitoring process to promote compliance. In addition, all users should be required to sign a statement acknowledging they have read, understand, and agree to comply with these policies;
- Ensure all user accounts comply with established security requirements;
- Ensure that user accounts are reviewed regularly and unused or inactive accounts are removed or deactivated in a timely manner;
- Ensure formal backout plans exists for unsuccessful changes to production systems;
- Ensure that a minimum number of users have accounts with Administrator access to University systems; and,
- Ensure anti-virus protection is installed on all computer systems.

University Response

Accepted. University policy, 9.8 Security of Information Technology Resources and Systems, has been approved by the Academic Senate. The scope includes actively controlling the security of and access to ISU Information Technology Resources and Systems, and authorizes the creation of procedures that will outline how security will be administered and how access to systems and data will be granted, maintained, reviewed and audited.

As for backout procedures, although a formal change management process currently exists, work is underway to establish a formal procedure for backing out changes when promoting new changes to production systems.

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11-3 Finding – Computer Security Administration Deficiencies (continued)

University Response (continued)

The University will work through its IT Governance structure to create and implement a comprehensive security policy regarding Active Directory account security - ensuring that accounts comply with the University's password expiration and complexity policy, that Administrator and other privileged access is granted appropriately, and that only current user and computer accounts are present in the directory. The University does have a standard anti-virus product, and will utilize the upcoming vendor transition to review procedures and ensure adherence to the University standard product, including monthly review of non-compliant systems.

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Year Ended June 30, 2011

11-4. Finding – Weakness Regarding the Security and Control of Confidential Information

Illinois State University (University) had not established adequate University-wide procedures for disposal of confidential information.

Although the University had established various policies relating to the security of confidential information, the University failed to establish and implement procedures for adequately protecting and disposing of confidential information. During our review, the following weaknesses were noted:

- The University had not performed a comprehensive risk assessment to identify confidential or personal information and its location to assure such information is protected from unauthorized disclosure.
- While the University had established a uniform process for the wiping and destruction of media and data, the process had not been completely implemented. The University did not have a process for the removal of information from certain types of computers nor for the physical destruction of computer drives that failed and could not be cleaned using software.
- Although the University's Student Health Services maintained protected health information, a Health Insurance Portability and Accountability Act (HIPAA) risk assessment had not been completed.
- The University had not formally approved notification procedures in the event of a breach of security regarding personal information.

The University had several computer systems that contained confidential or personal information such as names, addresses and social security numbers.

The Personal Information Protection Act (815 ILCS 530) requires that entities identify and protect all nonpublic personal information. The principles of good internal controls require that sensitive data and its location be identified and that only appropriate personnel handle and dispose of this information.

According to University personnel, this resulted from the lack of a cohesive IT Governance structure including a common, formal, and disciplined approach for managing IT.

The University has the responsibility to ensure that confidential information is protected from accidental or unauthorized disclosure. Failure to establish and maintain adequate procedures to handle and protect confidential and personally identifiable information could result in identity theft or other unintended use. (Finding Code No. 11-4, 10-3, 09-2)

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11-4. Finding – Weakness Regarding the Security and Control of Confidential Information

Recommendation

We recommend the University:

- Perform a comprehensive risk assessment to identify all forms of confidential or personal information, where this information is located, and ensure adequate security controls, including adequate physical and logical access restrictions, have been established to safeguard data and resources;
- Implement a comprehensive process for the wiping and destruction of media and ensure it is a requirement for all departments and organizations;
- Perform and document a HIPAA Risk Assessment; and,
- Obtain formal approval of the policies and procedures regarding security breaches.

University Response

Accepted. The University agrees with the recommendation related to risk assessment and procedures for wiping and destruction of media. As of the date this response, Administrative Technologies, Campus Technology Support Group, and Internal Audit have teamed together to perform a risk assessment of information technology at the University. It is expected the preliminary risk assessment, including HIPAA, will be completed by December 2012.

In terms of the wiping procedures, the University currently degausses media that cannot be wiped with available tools. Examples of such media include Apple/Macintosh computers, some servers and USB flash drives. While there is a centrally-managed program at Property Control, several units also perform their own media wiping efforts. The University understands there is an effort required to implement a coordinated electronic media wiping for the institution.

As for breach notification procedures, the draft *Information Technology Security Incident Response Plan (ITSIR)*, includes such procedures. Approval of this plan is expected to be finalized by the end of fiscal year 2012.

State of Illinois
Illinois State University
Schedule of Findings and Recommendations
Year Ended June 30, 2011

11-5. Finding – Timesheets not Required

Illinois State University (University) did not require positive time reporting for all employees in compliance with the State Officials and Employees Ethics Act (Act).

We noted University Policy 1.12 only requires positive time reporting for hourly civil service employees, student workers, and members of the Board of Trustees. Faculty, exempt civil service, and academic employees do not report actual hours worked and are only required to submit benefit usage cards to identify leave time (vacation, sick, etc.) used to the nearest tenth hour.

The Act required the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) states, “The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.” The IBHE adopted personnel policies for public universities on February 3, 2004, in accordance with the Act. The University has not incorporated these policies into the University policies.

According to University officials, the University has purchased a new human resource information system that will address time and labor reporting issues; however, the system has not yet been fully implemented.

By not requiring time sheets from all of its employees, the University does not have complete documentation of time spent by employees on official State business as contemplated by the Act. (Finding Code No. 11-5, 10-2, 09-1, 08-1, 07-1, 06-2, 05-4)

Recommendation

We recommend the University revise its policy and require all employees submit time sheets in compliance with State law.

University Response

Accepted. The University has completed the first phase of the new human resource system implementation and as of July 1, 2011, all non-faculty University employees are reporting on a positive time reporting basis. The second phase of the human resource system implementation will include converting all remaining University employees from reporting on a negative time reporting basis to the new system of positive time reporting.

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Prior Finding Not Repeated

A. Finding – Lack of Reviewed and Approved Periodic Reconciliation of the Detailed Property and Equipment Listings to the General Ledger

During the prior year engagement, Illinois State University (University) did not perform a periodic reconciliation of the detailed property and equipment listings to the general ledger. (Finding Code No. 10-1)

Status: Partially implemented

During the current year engagement, we noted the University improved upon reconciling detailed property and equipment listings to the general ledger. The auditors uncovered a single, immaterial condition of noncompliance that will be reported in the Report of Immaterial Findings.

State of Illinois
Illinois State University
Supplementary Information for State Compliance Purposes
June 30, 2011 and 2010

Summary

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- **Fiscal Schedules and Analysis:**
 - Schedule of Expenditures of Federal Awards
 - Notes to the Schedule of Expenditures of Federal Awards
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Revenues and Expenses - University Income Fund
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash and Cash Equivalents
 - Comparative Schedule of Investments
 - Analysis of Significant Variations in Certain Revenue and Expense Accounts
 - Analysis of Significant Variations in Certain Asset and Liability Accounts
 - Comparative Schedule of Receivables and Aged Analysis of Receivables

- **Analysis of Operations:**
 - Agency Functions and Planning Program
 - Employment Statistics (Full Time Equivalent) (Unaudited)
 - Annual Cost Statistics (Unaudited)
 - Emergency Purchases
 - Bookstore Information (Unaudited)
 - Service Efforts and Accomplishments (Unaudited)
 - Schedules of Federal Expenditures, Non-federal Expenses, and New Loans
 - Summary of Agency Operations by Function of Program Activity -
 - Student Enrollment Statistics (Unaudited)
 - Undergraduate Tuition and Fee Waivers (Unaudited)
 - Graduate Tuition and Fee Waivers (Unaudited)
 - Debt Financed by University Related Organization
 - Acquisition of Real Estate by University or URO Not Funded by Separate Specific Appropriation

- **Special Data Requirements for Audits of Universities:**
 - Entity Financial Statements:
 - Local Funds:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets

State of Illinois
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Summary

- **Special Data Requirements for Audits of Universities (continued):**
 - Entity Financial Statements (continued):**
 - Service Departments:**
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Auxiliary Facilities:**
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Calculation Sheet for Indirect Cost Carryforward**
 - Calculation Sheet for Current Excess Funds:**
 - Current Unrestricted Local Funds:**
 - Continuing Education and Public Services
 - Sales and Services of Educational Activities
 - Student Programs and Services
 - Field Trips and Foreign Study
 - Service Departments**
 - Auxiliary Facilities - Revenue Bonds:**
 - Student Housing
 - Student Activities
 - Parking Services
 - Auxiliary Facilities, Activities, and Accounting Entities**
 - Summary of Foundation Payments to the University**
 - Noninstructional Facilities Reserve**
 - Disclosure of Support Which Auxiliary Facilities and Activities Have Received During the Year from State Appropriated Funds**
 - Illinois Institute for Entrepreneurship Education Financial Information**

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the accountants' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>		<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
STUDENT FINANCIAL AID CLUSTER					
U.S. Department of Education					
Federal Supplemental Educational Opportunity Grants	(M)	84.007		\$ 531,474.82	\$ -
Federal Work-Study Program	(M)	84.033		1,032,248.95	-
Federal Perkins Loan Program Federal Capital Contributions	(M)	84.038		-	-
Federal Pell Grant Program	(M)	84.063		18,796,095.31	-
Byrd Honors Scholarships	(M)	84.185		7,500.00	-
Federal Direct Student Loans	(M)	84.268		108,352,602.00	-
Academic Competitiveness Grants	(M)	84.375		666,620.69	-
National Science & Mathematics Access to Retain Talent (Smart) Grants	(M)	84.376		578,838.50	-
Teacher Education Assistance for College & Higher Education Grants (TEACH Grants)	(M)	84.379		292,680.00	-
U.S. Department of Veterans Affairs					
Post-9/11 Veterans Educational Assistance	(M)	64.124		1,098,098.24	-
U.S. Department of Health and Human Services					
Nursing Student Loans	(M)	93.364		-	-
Corporation for National and Community Service					
Americorps	(M)	94.006		79,214.14	-
TOTAL STUDENT FINANCIAL AID CLUSTER				<u>131,435,372.65</u>	<u>-</u>
RESEARCH & DEVELOPMENT CLUSTER					
U.S. Department of Agriculture					
** Sustainable Agriculture Research and Education (Passed through University of Minnesota)	(M)	10.215	H001911511	9,450.00	-
** Integrated Programs (Passed through Southern Illinois University)	(M)	10.303	SIUC 08-13	(328.53)	-
Total U.S. Department of Agriculture R&D				<u>9,121.47</u>	<u>-</u>
U.S. Department of Defense					
** Mathematical Sciences Grants Program	(M)	12.901		1,889.99	-
Total U.S. Department of Defense R&D				<u>1,889.99</u>	<u>-</u>
U.S. Department of the Interior					
** National Cooperative Geologic Mapping Program	(M)	15.810		14,994.71	-
Total U.S. Department of the Interior R&D				<u>14,994.71</u>	<u>-</u>
U.S. Department of Justice					
** Edward Byrne Memorial Competitive Grant (Passed through Georgia Southern University)	(M)	16.751	GSU 10362	32,018.98	-
** ARRA - Edward Byrne Memorial Justice Assistance (Passed through Illinois Department of Human Services)	(M)	16.803	11AM571000	32,823.82	-
Total U.S. Department of Justice R&D				<u>64,842.80</u>	<u>-</u>
U.S. Department of Labor					
** AARA Employment Service/Wagner-Peyser (Passed through Illinois Department of Employment Security)	(M)	17.207	11C32, ISUICA2010	323,578.29	-
Total U.S. Department of Labor R&D				<u>323,578.29</u>	<u>-</u>
National Endowment for the Humanities					
** Promotion of the Humanities-Office of Digital Humanities	(M)	45.169		11,714.91	-
Total National Endowment for the Humanities R&D				<u>11,714.91</u>	<u>-</u>
National Science Foundation					
** Mathematical and Physical Sciences	(M)	47.049		646,734.03	-
** Mathematical and Physical Sciences (Passed through Harold Washington College)	(M)	47.049	CHE-0629174	82,408.05	-
Total R&D 47.049				<u>729,142.08</u>	<u>-</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>		<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
National Science Foundation continued					
** Computer & Information Science & Engineering	(M)	47.070		37,255.11	-
** Biological Sciences	(M)	47.074		280,444.38	30,465
** Biological Sciences (Passed through Iowa State University)	(M)	47.074	420-40-77A	29,607.00	-
			Total R&D 47.074	310,051.38	30,465
** Education and Human Resources	(M)	47.076		550,841.64	106,856
Total National Science Foundation R&D				1,827,290.21	137,321
U.S. Department of Energy					
** Renewable Energy Research & Development	(M)	81.087		389,515.20	-
** Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	(M)	81.117		72,906.77	-
Total U.S. Department of Energy R&D				462,421.97	-
U.S. Department of Education					
** Tech-Prep Education (Passed through Minnesota State Colleges & Universities)	(M)	84.243	40997	5,369.70	-
** Research in Special Education	(M)	84.324		261,310.83	-
** Mathematics & Science Partnerships (Passed through Illinois State Board of Education)	(M)	84.366	4936-71/01	372,179.12	-
** Mathematics & Science Partnerships (Passed through Monroe/Randolph Regional Office of Education #45)	(M)	84.366	IBiotech	40,949.98	-
			Total 84.366	413,129.10	-
** Improving Teacher Quality State Grants (Passed through Illinois State Board of Education)	(M)	84.367	4932-00	11,908.00	-
** ARRA -Education Jobs Fund (Passed through Illinois Board of Education)	(M)	84.410	11-4860-00	534,897.00	-
Total U.S. Department of Education R&D				1,226,614.63	-
U.S. Department of Health and Human Services					
** Research Related to Deafness and Communication Disorders	(M)	93.173		140,976.69	110,212
** Drug Abuse and Addiction Research Programs (Passed through Case Western Reserve University)	(M)	93.279	RES503540	10,385.50	-
** Drug Abuse and Addiction Research Programs (Passed through University of Utah)	(M)	93.279	PO 0000137622	94,014.90	-
			Total R&D 93.279	104,400.40	-
** Cancer Cause & Prevention Research	(M)	93.393		69,269.82	-
** Adoption Opportunities (Passed through Children's Home & Aid Society of Illinois)	(M)	93.652	ISU	30,422.48	-
** Adoption Opportunities (Passed through Adoptions Unlimited)	(M)	93.652	Year 4, Year 5	15,288.32	-
			Total R&D 93.652	45,710.80	-
** ARRA -Trans - NIH Recovery Act Research Support	(M)	93.701		260,742.19	87,696
** ARRA - Health Information Technology Regional Extension Centers Program (Passed through Northern Illinois University)	(M)	93.718		3,500.00	-
** Allergy, Immunology, and Transplantation Research	(M)	93.855		140,170.17	-
** Microbiology and Infectious Diseases Research (Passed through University of Florida)	(M)	93.856	UF-IFAS-04022551	22,130.22	-
** Biomedical Research and Research Training (Passed through New Mexico State University)	(M)	93.859	P0083084/R0083273	15.84	-
Total U.S. Department of Health and Human Services R&D				786,916.13	197,908
U.S. Department of Homeland Security					
** Emergency Management Performance Grants (Passed through Illinois Emergency Management Agency)	(M)	97.042	09EMPGISU	28,248.94	-
Total U.S. Department of Homeland Security R&D				28,248.94	-
TOTAL RESEARCH & DEVELOPMENT CLUSTER				4,557,634.05	335,229

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
OTHER PROGRAMS				
U.S. Department of Agriculture				
National School Lunch Program (Passed through Illinois State Board of Education)	10.555	4400	23,564.26	-
Environmental Quality Incentives Program	10.912		17,500.15	-
Total U.S. Department of Agriculture Non-R&D			<u>41,064.41</u>	<u>-</u>
U.S. Department of Commerce				
ARRA - Broadband Technology Opportunities Program (Passed through Illinois Department of Central Management Services)	(M) 11.557	ISU	719,274.26	-
Manufacturing Extension Partnership (Passed through Illinois Manufacturing Extension Center)	11.611	IMEC	407,348.52	-
Total U.S. Department of Commerce Non-R&D			<u>1,126,622.78</u>	<u>-</u>
U.S. Department of Justice				
Public Safety Partnership & Community Policing	16.710		49,940.09	41,438
Total U.S. Department of Justice Non-R&D			<u>49,940.09</u>	<u>41,438</u>
U.S. Department of Labor				
WIA Dislocated Workers (Passed through Career Link)	17.260	Krejci, Moody	23,582.27	-
Occupational Safety & Health-Susan Harwood Training Grants (Passed through Illinois Manufacturing Extension Center)	17.502	IMEC	21,738.72	-
Total U.S. Department of Labor Non-R&D			<u>45,330.99</u>	<u>-</u>
National Endowment for the Arts				
Promotion of the Arts-Grants to Organizations and Individuals	45.024		15,000.00	-
Total National Endowment for the Arts Non-R&D			<u>15,000.00</u>	<u>-</u>
National Endowment for the Humanities				
Promotion of the Humanities-Public Programs	45.164		669.55	-
Total National Endowment for the Humanities Non-R&D			<u>669.55</u>	<u>-</u>
National Science Foundation				
Mathematical and Physical Sciences	47.049		16,608.02	-
Computer & Information Science & Engineering (Passed through Marist College)	47.070	NSF CNS-0829558	1,856.90	-
Education and Human Resources	47.076		181,649.54	-
Education and Human Resources (Passed through Pugen Sound Center)	47.076	HRD-0631789	6,516.80	-
Education and Human Resources (Passed through Chicago State University)	47.076	53725	18,788.75	-
Education and Human Resources (Passed through University of Arizona)	47.076	DRL081996	3,686.89	-
Total 47.076			<u>210,641.98</u>	<u>-</u>
ARRA - Trans-NSF Recovery Act Research Support	47.082		27,350.08	-
Total National Science Foundation Non-R&D			<u>256,456.98</u>	<u>-</u>
U.S. Small Business Administration				
Small Business Development Center	59.000		266,725.69	-
Small Business Development Center (Passed through United States Department of Housing & Urban Development)	59.000	B-09-SP-JL-0269	11,907.16	-
Total 59.000			<u>278,632.85</u>	<u>-</u>
Small Business Development Centers (Passed through Illinois Department of Commerce and Economic Opportunity)	59.037	09-181106	60,185.94	-
Total U.S. Small Business Administration Non-R&D			<u>338,818.79</u>	<u>-</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
U.S. Environmental Protection Agency				
Science To Achieve Results Fellowship Program	66.514		11,674.53	-
Energy Efficiency and Conservation Block Grant Program (Passed through Illinois Manufacturing Extension Center)	66.717	IMEC	712.19	-
Brownfields Training, Research, & Technical Assistance Grants & Cooperative Agreements (Passed through Kansas State University)	66.814	S09042	11,814.26	-
Total U.S. Environmental Protection Agency Non-R&D			<u>24,200.98</u>	<u>-</u>
U.S. Department of Energy				
State Energy Program Special Projects (Passed through Illinois Manufacturing Extension Center)	81.119	IMEC	392.80	-
Energy Efficiency and Conservation Block Grant Program (Passed through Illinois Manufacturing Extension Center)	81.128	IMEC	1,413.65	-
Total U.S. Department of Energy Non-R&D			<u>1,806.45</u>	<u>-</u>
U.S. Department of Education				
Special Education-Grants to States (Passed through Illinois State Board of Education)	84.027	ATTAP	252,031.90	-
TRIO - Student Support Services	84.042		273,032.43	-
Career and Technical Education - Basic Grants to States (Passed through Illinois Community College Board)	84.048	CTEL11001	300,858.79	43,775
Career and Technical Education - Basic Grants to States (Passed through Illinois State Board of Education)	84.048	10 & 11-4720	260,088.10	40,467
Total 84.048			<u>560,946.89</u>	<u>84,242</u>
Safe & Drug-Free Schools & Communities National Programs	84.184		124,140.64	20,933
Bilingual Education Professional Development	84.195		289,953.15	-
Even Start - State Educational Agencies (Passed through OER Associates)	84.213	OER	15,445.71	-
Twenty-First Century Community Learning Centers	84.287		53,667.27	-
ARRA - Education Technology State Grants (Passed through Pontiac Township High School)	84.318	16132	13,056.61	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		146,244.40	-
Teacher Quality Partnership Grants	84.336		1,103,168.68	248,218
Mathematics & Science Partnerships (Passed through Illinois State Board of Education)	84.366	4936	1,425,149.17	-
Improving Teacher Quality State Grants (Passed through Illinois Board of Higher Education) (M)	84.367	11TQP	58,108.18	-
Improving Teacher Quality State Grants (Passed through Illinois State Board of Education) (M)	84.367	MY11721	377,225.47	115,992
Improving Teacher Quality State Grants (Passed through Peoria Public Schools District 150) (M)	84.367	PPS-ISU	171,676.67	-
Total 84.367			<u>607,010.32</u>	<u>115,992</u>
School Improvement Grants (Passed through Illinois Board of Education)	84.377		76,142.50	-
National Writing Project (Passed through National Writing Project)	84.928	92-IL03	44,213.98	-
Total U.S. Department of Education Non-R&D			<u>4,984,203.65</u>	<u>469,385</u>
U.S. Department of Health and Human Services				
Advanced Education Nursing Traineeships	93.358		29,344.00	-
National Center for Research Resources	93.389		283,975.01	13,535
Total U.S. Department of Health and Human Services Non-R&D			<u>313,319.01</u>	<u>13,535</u>
Corporation for National and Community Service				
Americorps (Passed through Jumpstart)	94.006	750200	59,143.81	-
Americorps (Passed through Western Illinois University)	94.006	5-18271 & 5-19680	17,983.10	-
Total 94.006			<u>77,126.91</u>	<u>-</u>
Total Corporation for National and Community Service Non-R&D			<u>77,126.91</u>	<u>-</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
Library of Congress				
Teaching with Primary Sources	NONE		208,972.34	-
Teaching with Primary Sources Regional Center Pilot	NONE		<u>315,368.07</u>	<u>213,064</u>
Total Library of Congress Non-R&D			<u>524,340.41</u>	<u>213,064</u>
Corporation for Public Broadcasting				
Community Service Grant	NONE		<u>134,033.07</u>	-
Total Corporation for Public Broadcasting Non-R&D			<u>134,033.07</u>	-
TOTAL OTHER PROGRAMS NON-R&D			<u>7,932,934.07</u>	<u>737,422</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>143,925,940.77</u>	<u>\$ 1,072,651</u>

** - Research and Development Cluster
(M) - Program was audited as a major Program

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity for the year ended June 30, 2011, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements due to specific reporting requirements prescribed by OMB Circular A-133.

NOTE 2 - LOANS OUTSTANDING

The University had the following loan balances outstanding at June 30, 2011. These loan balances outstanding are also included in the federal expenditures presented in this schedule.

	<u>Outstanding Balance at June 30, 2011</u>
Nursing Student Loans	\$ 384,729
Perkins Loan Program	<u>9,929,554</u>
Total loans outstanding	<u>\$ 10,314,283</u>

There were no administrative costs charged to the Perkins Loan Program.

NOTE 3 - GUARANTEED STUDENT LOANS - NONCASH EXPENDITURES OF FEDERAL AWARDS

During the audit period, the University processed the following amounts of new loans under the Federal Direct Student Loans Program:

Direct Student Loans Program	\$ 80,560,023
Direct Parent Loan for Undergraduate Students Program (PLUS)	<u>27,792,579</u>
Total	<u>\$108,352,602</u>

There were no administrative costs charged to the loan program.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

NOTE 4 - FOOD DISTRIBUTION PROGRAM - NONCASH EXPENDITURES OF FEDERAL AWARDS

During the audit period, the University received \$10,770 of food commodities provided by the United States Department of Agriculture, and distributed through the Food Distribution Program that is administered by the Illinois State Board of Education.

NOTE 5 - INSURANCE - NONCASH EXPENDITURES OF FEDERAL AWARDS

During the audit period, there was no Federally-funded insurance in effect.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES,
AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2011**

For the Fourteen Months Ended August 31, 2011

	Appropriations (Net After Transfers)	Voucher Expenditures, Twelve Months Ended June 30, 2011	Approximate Lapse Period Expenditures, Two Months Ended August 31, 2011	Approximate Total Expenditures, Fourteen Months Ended August 31, 2011	Approximate Balances Lapsed, August 31, 2011
GENERAL REVENUE FUND— 001 (P.A. 96-0956)					
Lump-sum Operations	\$79,789,500	\$79,392,632	\$396,868	\$79,789,500	\$ -
Total	\$79,789,500	\$79,392,632	\$396,868	\$79,789,500	\$ -
GRAND TOTAL – ALL FUNDS	\$79,789,500	\$79,392,632	\$396,868	\$79,789,500	\$ -

Note 1: The data for this report was taken from the University's records and has been reconciled to the data of the Office of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved and paid by the University and submitted to the Office of the State Comptroller for reimbursement of payments made to vendors.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
For the Years Ended June 30, 2011 and 2010**

	2011 96-0956	2010 96-0114
GENERAL REVENUE FUND – 001		
Appropriations (net of transfers)	\$ 79,789,500	\$ 85,096,430
Expenditures:		
Lump sum operations	79,789,500	80,452,000
Personal services – ARRA	-	4,644,430
Total expenditures	<u>79,789,500</u>	<u>85,096,430</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
STATE COLLEGE AND UNIVERSITY TRUST FUND – 417		
Appropriations (net of transfers)	\$ -	\$ 50,000
Expenditures		
Awards and grants	-	50,000
Total expenditures	<u>-</u>	<u>50,000</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
GRANT TOTAL, ALL FUNDS		
Appropriations (net of transfers)	\$ 79,789,500	\$ 85,146,430
Expenditures	<u>79,789,500</u>	<u>85,146,430</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>

Note 1: The data for this report was taken from the University's records and has been reconciled to the data of the Office of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved and paid by the University and submitted to the Office of the State Comptroller for reimbursement of payments made to vendors.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
UNIVERSITY INCOME FUND
Years Ended June 30, 2011 and 2010**

	2011	2010
REVENUES		
Registration fees	\$ 133,563,399	\$ 122,001,951
Registration – extension	1,478,300	1,293,866
Enrollment deposit fee forfeitures	11,200	11,550
Tuition and fees waived	5,255,400	4,334,200
Library fines	14,741	18,439
Investment income	811,563	832,621
Net increase in fair market value of investments	353,893	-
Payments on behalf of University	1,205,883	1,314,581
Gifts and donations	-	-
Other	559,793	396,907
	<u>\$ 143,254,172</u>	<u>\$ 130,204,115</u>
EXPENSES		
Personal services	\$ 62,351,698	\$ 58,296,386
SURS retirement	140,734	9,434
Medicare	1,945,707	1,891,889
Contractual services	34,937,992	29,383,291
Travel	1,543,119	1,430,610
Commodities	2,710,252	2,714,926
Equipment and library books	10,082,953	10,060,016
Telecommunications services	2,885,331	1,397,918
Operation of automotive equipment	593,458	595,054
Tuition and fees waived	5,255,400	4,334,200
Awards, grants, and matching funds	7,757,407	6,370,001
Permanent improvements	2,660,807	7,766,783
	<u>132,864,858</u>	<u>124,250,508</u>
Subtotal		
GASB No. 35 Adjustments:		
Depreciation	11,618,275	10,869,468
Equipment additions/disposals	<u>(9,896,517)</u>	<u>(13,306,020)</u>
	<u>\$ 134,586,616</u>	<u>\$ 121,813,956</u>

Note 1: Pursuant to the State Finance Act (30 ILCS 105/6a-1b), responsibility and control of the Illinois State University Income Fund was transferred directly to the University. It is now a non-appropriated, local fund maintained by the University.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF CHANGES IN STATE PROPERTY
For the Year Ended June 30, 2011**

Data for this schedule included all accounting entities and was obtained from University records, which have been reconciled to the property records submitted to the Office of the State Comptroller.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$ 14,158,006	\$	\$	\$ 14,158,006
Land Improvements	33,063,588	437,782	(188,039)	33,313,331
Infrastructure	12,682,559			12,682,559
Buildings	422,051,885	91,056,112	(3,435,290)	509,672,707
Equipment	73,351,021	7,216,299	(1,689,535)	78,877,785
Library materials	74,336,701	3,774,371		78,111,072
Construction in progress	80,378,947	25,381,831	(89,173,178)	16,587,600
Intangible – internally generated software	<u>6,782,814</u>	<u>3,600,933</u>	<u>(271,258)</u>	<u>10,112,489</u>
Subtotal	<u>716,805,521</u>	<u>131,467,328</u>	<u>(94,757,300)</u>	<u>753,515,549</u>
Less accumulated depreciation for:				
Land Improvements	9,756,015	994,422	(188,040)	10,562,397
Infrastructure	6,071,004	311,507		6,382,511
Buildings	186,555,250	9,976,032	(3,421,534)	193,109,748
Equipment	57,770,472	5,263,786	(1,578,527)	61,455,731
Library materials	<u>57,882,034</u>	<u>3,233,504</u>		<u>61,115,538</u>
Total accumulated depreciation	<u>318,034,775</u>	<u>19,779,251</u>	<u>(5,188,101)</u>	<u>332,625,925</u>
CAPITAL ASSETS, NET	<u>\$ 398,770,746</u>			<u>\$ 420,889,624</u>

Note 1: This summary schedule was prepared using State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF CASH AND
CASH EQUIVALENTS
June 30, 2011 and 2010**

Significant details of cash and cash equivalents as of June 30, 2011 and 2010 are presented below for all funds of the University:

	<u>2011</u>		<u>2010</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
CASH ON HAND – VAULT AND CHANGE FUNDS	<u>\$ 241,658</u>	Non-interest bearing	<u>\$ 186,742</u>	Non-interest bearing
BANK MONEY MARKET FUNDS				
Commerce Bank	15,013,162	N/A	11,809,243	N/A
Illinois Funds @ U.S. Bank	10,366,438	.024%	37,829,715	.089%
Bank of New York	1,300,633	0%	5,259,509	.00% to .10%
U.S Bank	<u>9,760,515</u>	0%	<u>5,943,603</u>	0%
Total bank money market funds	<u>36,440,748</u>		<u>60,842,070</u>	
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 36,682,406</u>		<u>\$ 61,028,812</u>	

Cash and cash equivalent balances are presented in the balance sheets at June 30, 2011 and 2010 as follows:

Cash and cash equivalents	\$ 25,621,673	\$ 49,826,109
Restricted cash and cash equivalents	<u>11,060,733</u>	<u>11,202,703</u>
TOTAL CASH AND CASH EQUIVALENT BALANCES	<u>\$ 36,682,406</u>	<u>\$ 61,028,812</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF INVESTMENTS
June 30, 2011 and 2010**

	2011		2010	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
U.S. Treasury and Agency Obligations and Agency notes	<u>\$112,991,120</u>	.50-5.375%	<u>\$ 83,127,305</u>	1.375-5.375%
TOTAL INVESTMENTS	<u>\$112,991,120</u>		<u>\$ 83,127,305</u>	

Investments are presented in the balance sheets at June 30, 2011 and 2010 as follows:

Current:				
Investments	\$ 21,612,550		\$ 28,505,635	
Restricted investments	4,431,054		-	
Noncurrent:				
Investments	83,703,480		54,621,670	
Restricted investments	<u>3,244,036</u>		<u>-</u>	
TOTAL INVESTMENTS	<u>\$112,991,120</u>		<u>\$83,127,305</u>	

STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN CERTAIN REVENUE AND EXPENSE ACCOUNTS
For the Year Ended June 30, 2011

Amounts shown below are for general analytical purposes. Significant items impacting the University's financial position and operations are also discussed in the Management's Discussion and Analysis section of the financial statements.

	<u>Fiscal Year</u>		<u>Increase (Decrease)</u>	<u>% of Change</u>	<u>Notes Page</u>
	<u>2011</u>	<u>2010</u>			
Operating revenues:					
Student tuition and fees, net	167,142,161	151,104,041	16,038,120	10.61%	1
Operating expenses:					
Depreciation	19,779,251	17,939,398	1,839,853	10.26%	2
Staff Benefits	1,911,309	1,220,296	691,013	56.63%	3
Student aid	36,920,437	31,674,364	5,246,073	16.56%	4
Payments on behalf of the University	86,469,651	78,553,377	7,916,274	10.08%	5
Nonoperating revenues (expenses):					
Payments on behalf of the University	86,469,651	78,553,377	7,916,274	10.08%	6
Laboratory schools	9,085,803	7,731,508	1,354,295	17.52%	7
Investment income	1,561,596	2,352,613	(791,017)	-33.62%	8
Interest expense	(4,419,723)	(3,280,279)	(1,139,444)	34.74%	9
Capital appropriations	709,628	7,583,879	(6,874,251)	-90.64%	10
Capital grants and gifts	2,474,776	927,928	1,546,848	166.70%	11

Notes

- 1 Student tuition and fees increased by \$16,038,120. This increase was largely a result of the University's 6.09% increase in tuition and fees for incoming students.
- 2 Depreciation expense increased by \$1,839,853 due to completion of projects including the Student Fitness Center, rehab of Stroud Auditorium and Stevenson/Turner Life/Safety Improvements and Abatement.
- 3 Staff benefits increased by \$691,013. In 2010, the expenses were offset by a decrease in the value of accrued vacation and sick pay of \$757,960. In 2011, the offset was only \$281,384.
- 4 Student aid expenses increased by \$5,246,073. This is a result of increased Pell awards of \$2,683,921, an increase in internal funding by the University of \$1,422,625, and increased tuition and fee waivers of \$921,200.
- 5/6 Payments on behalf of the University increased by \$7,916,274. The state's payments for SURS benefits and insurance benefits increased by \$4,085,293 and \$3,830,981 respectively.
- 7 Laboratory school revenues increased by \$1,354,295 as a result of increased State Aid.
- 8 Investment revenue decreased by \$791,017. Interest income actually decreased by \$525,114 for this fiscal year and the change in fair market value of investments decreased by \$265,903.
- 9 Interest expense increased by \$1,139,444. The interest expense related to the construction for the Student Fitness Center is no longer capitalized, but rather expensed directly.
- 10 Capital appropriations decreased by \$6,874,251 due to the substantial completion of major projects including Stevenson/Turner Life/Safety Improvements and Stevenson/Turner Abatement that were funded by the State's Capital Development Board.
- 11 Capital grants and gifts increased by \$1,546,848 primarily due to an increase in Foundation gifts of \$806,224 and income from an Illinois Broadband grant of \$719,274.

STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN CERTAIN ASSET AND LIABILITY ACCOUNTS
For the Year Ended June 30, 2011

Amounts shown below are for general analytical purposes. Significant items impacting the University's financial position and operations are also discussed in the Management's Discussion and Analysis section of the financial statements.

	<u>Fiscal Year</u>		<u>Increase</u>	<u>% of</u>	<u>Notes</u>
	<u>2011</u>	<u>2010</u>	<u>(Decrease)</u>	<u>Change</u>	<u>Page</u>
ASSETS					
Current assets:					
Cash and Cash Equivalents	25,621,673	49,826,109	(24,204,436)	-48.58%	1
Investments	21,612,550	28,505,635	(6,893,085)	-24.18%	2
Investments - Restricted	4,431,054	0	4,431,054		2
Appropriations Receivable from State	35,047,150	20,390,047	14,657,103	71.88%	3
Noncurrent assets:					
Investments	83,703,480	54,621,670	29,081,810	53.24%	4
Investments - Restricted	3,244,036	-	3,244,036		4
Capital assets not depreciated	40,858,095	101,319,767	(60,461,672)	-59.67%	5
Capital assets, net	380,031,529	297,450,979	82,580,550	27.76%	6
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	21,510,325	25,698,104	(4,187,779)	-16.30%	7
Non current liabilities					
Certificates of Participation	34,334,008	20,471,234	13,862,774	67.72%	8

Notes

- 1 Cash and cash equivalents decreased by \$24,204,436. This resulted from a change in mix of cash and investments.
- 2 Investments and Restricted Investments decreased by a total of \$2,462,031 as a result of the change in the mix of investments held by the University during 2011.
- 3 Appropriations receivable from the state increased by \$14,657,103. This is a reflection of the delay of payments from the State.
- 4 Long-term investments and Long-term restricted investments increased by a total of \$32,325,846. There was a change in the investment mix between short term and long term investments.
- 5/6 Capital assets not depreciated decreased by \$60,461,672 and Capital assets, net increased by \$82,580,550. These changes are a result of the completion of various construction projects including rehabilitation of Watterson Towers, Watterson Commons Dining Center and the Student Fitness Center.
- 7 Accounts payable and accrued liabilities decreased by \$4,187,779. This is a result of the completion of construction and rehabilitation projects on campus including rehabilitation of Watterson Towers, Watterson Commons Dining Center and the Student Fitness Center.
- 8 COPS increased by \$13,862,774 as a result of borrowing \$15,000,000 of which \$14,675,000 was classified as the non current portion.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF RECEIVABLES AND
AGED ANALYSIS OF RECEIVABLES
June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u> <u>(as restated)</u>	<u>Increase</u> <u>(Decrease)</u>
ACCOUNTS RECEIVABLE			
Current funds:			
Local funds (less allowance for doubtful accounts of \$1,741,158 and \$1,581,440 at June 30, 2011 and 2010, respectively)	\$ 4,090,352	\$ 3,375,603	\$ 714,749
Auxiliary facilities system (less allowance for doubtful accounts of \$920,385 and \$877,320 at June 30, 2011 and 2010, respectively)	1,181,855	1,241,367	(59,512)
Restricted funds	2,599,411	2,793,724	(194,313)
Payroll and clearing accounts	<u>71,723</u>	<u>131,204</u>	<u>(59,481)</u>
Total current funds	7,943,341	7,541,898	401,443
Agency funds	1,110,519	922,781	187,738
Loan funds	<u>8,950</u>	<u>8,291</u>	<u>659</u>
TOTAL ACCOUNTS RECEIVABLE	<u>\$ 9,062,810</u>	<u>\$ 8,472,970</u>	<u>\$ 589,840</u>
NOTES RECEIVABLE			
Loan funds:			
Student loans receivable (less allowance for doubtful loans of \$993,784 and \$973,784 at June 30, 2011 and 2010, respectively)	<u>\$ 9,372,704</u>	<u>\$ 9,756,400</u>	<u>\$ (383,696)</u>

**AGED ANALYSIS OF ACCOUNTS RECEIVABLE
AND UNCOLLECTIBLE ACCOUNTS**

The University did not have an aged analysis of accounts receivable; however, accounts receivable other than tuition, room and board, and fees receivable are generally less than 180 days old and considered to be collectible. An allowance for doubtful accounts of \$1,476,682 and \$1,334,304 at June 30, 2011 and 2010, respectively, has been established for tuition receivable deemed uncollectible. An allowance for doubtful accounts of \$687,077 and \$651,510 at June 30, 2011 and 2010, respectively, has been established for room and board receivable deemed uncollectible. An additional allowance for doubtful accounts of \$497,784 and \$472,946 at June 30, 2011 and 2010, respectively, has been established for fees receivable deemed uncollectible.

Notes receivable are presented in the balance sheets at June 30, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Current	\$ 921,929	\$ 928,736
Noncurrent	<u>8,450,775</u>	<u>8,827,664</u>
	<u>\$ 9,372,704</u>	<u>\$ 9,756,400</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
AGENCY FUNCTIONS AND PLANNING PROGRAM
June 30, 2011**

Illinois State University was founded in 1857 as the first public institution of higher education in the State. The documents establishing Illinois State as a teacher education institution were drafted by Abraham Lincoln. Illinois State is a multi-purpose institution with degree programs at the bachelor's, master's, and doctoral levels.

The basic purpose and function of academic programming at Illinois State University is stated in the *Mission Statements* portion of the University's *Academic Plan*, which is updated and submitted annually to the Illinois Board of Higher Education. The *Mission Statements* include: (1) the *Illinois State University Board of Trustees Vision Statement for the Year 2014*, (2) *University Mission Statement*, and (3) *College Mission Statements*.

The *Academic Plan* submitted during our audit period is for fiscal years 2011-2016 and can be found at http://provost.illinoisstate.edu/downloads/academic_plan/AcademicPlan2011_2016.pdf. It includes: (1) an identification of institutional priorities; (2) the University's strategic plan, *Educating Illinois 2008-2014 Priorities for Illinois' First Public University*; and, (3) specific curricular initiatives set forth by those responsible for academic planning within the University.

The *Academic Plan* also includes academic unit (college) objectives for fiscal year 2012 and program reviews for the departments in the University being reviewed in the most recent review cycle. Program reviews contain recommendations for enhancing the programs being examined as well as plans for monitoring progress toward the fulfillment of these recommendations. During fiscal year 2011, program reviews were completed on the following programs: B.S. in Medical Laboratory Science, B.S. in Safety, B.A., M.A., and M.S. in English, PhD. in English Studies, M.A. & M.S. in Writing, Teaching of Writing in High/Middle School – Post-Baccalaureate Certificate, B.A. & B.S. in Interdisciplinary Studies, and B.A., B.S., & M.S. in Mathematics.

Compilation of the University's *Academic Plan* is coordinated through the Office of the Associate Provost, whose functions also ensure cohesion between the *Academic Plan* and the University's strategic plan: *Educating Illinois: 2008-2014 Priorities for Illinois' First Public University*.

- *Educating Illinois* is the University's multi-year strategic plan. It has articulated five core values (individualized attention, public opportunity, active pursuit of learning and scholarship, diversity, and innovation) that support 5 goals and 27 corresponding action items addressed by the campus community. University progress is summarized on the accomplishments section of the *Educating Illinois* Website, www.educatingillinois.illinoisstate.edu.

Other university-wide planning documents and processes include the following:

- *Resource Allocation and Management Program (RAMP) for Operations and Grants Resource Requirements* is a five-year plan that includes a comparison to the preceding two fiscal years. Among the data included are a summary of operations costs by function and source of funds, summary of staff requirements and earnings, projected enrollments, and tuition and fees. Detailed information by various departments and programs is included.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
AGENCY FUNCTIONS AND PLANNING PROGRAM
June 30, 2011**

- *Resource Allocation and Management Program (RAMP) Capital Requirements Plan* is also a five-year planning program that includes a summary of capital requirements by budget category. These requirements are detailed as to building or components of buildings, as well as other capital projects, planned for the University.
- *Master Plan: 2010-2030 Looking to the Future* defines the future physical development of facilities, grounds, technology, and infrastructure. This plan is the basis for those recommendations in *Resource Allocation and Management Program (RAMP) Capital Requirements Plan*.
- Additionally, the Facilities Condition Assessment provides quantitative information on the condition of physical structures and current and projected maintenance needs. The results from this assessment are used to inform the Master Plan and Capital RAMP.

Location of Agency: Normal, Illinois
Agency Head: Dr. C. Alvin Bowman, President

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT)
Years Ended June 30, 2011 and 2010**

(Unaudited)*

	<u>Instructional Activities</u>	<u>Organized Research</u>	<u>Public Service</u>
YEAR ENDED JUNE 30, 2011			
Appropriated funds:			
Faculty/administrative	1,071.50	170.40	28.20
Civil service	211.00	5.90	8.20
Student employees	85.00	.40	.80
Miscellaneous contracts	<u>15.20</u>	<u>21.90</u>	<u>.20</u>
	<u>1,382.70</u>	<u>198.60</u>	<u>37.40</u>
Non-appropriated funds:			
Faculty/administrative	55.10	122.10	64.50
Civil service	21.90	28.00	17.50
Student employees	<u>29.90</u>	<u>17.50</u>	<u>9.20</u>
	<u>106.90</u>	<u>167.60</u>	<u>91.20</u>
TOTAL ALL FUNDS	<u>1,489.60</u>	<u>366.20</u>	<u>128.60</u>
YEAR ENDED JUNE 30, 2010			
Appropriated funds:			
Faculty/administrative	1,031.60	154.90	32.60
Civil service	210.70	6.30	13.70
Student employees	85.00	.60	2.80
Miscellaneous contracts	<u>18.00</u>	<u>24.80</u>	<u>.30</u>
	<u>1,345.30</u>	<u>186.60</u>	<u>49.40</u>
Non-appropriated funds:			
Faculty/administrative	103.70	125.00	59.90
Civil service	20.80	34.60	17.50
Student employees	<u>25.20</u>	<u>19.90</u>	<u>9.20</u>
	<u>149.70</u>	<u>179.50</u>	<u>86.60</u>
TOTAL ALL FUNDS	<u>1,495.00</u>	<u>366.10</u>	<u>136.00</u>

* This information has been provided by the University's Office of Budget and Planning and continued on following page.

This is the employment information reported to the Illinois Board of Higher Education. Staff years are computed by dividing the employees' number of months of employment during the fiscal year by 12 and multiplying that number by a factor of one for full-time and multiplying by the percentage of appointment for part-time. Examples of staff year computations are as follows:

- 1 full-time employee employed 12 months of the fiscal year counts -- 1 staff year
- 1 full-time employee employed 6 months of the fiscal year counts - .5 staff year
- 1 one-third time employee employed 12 months of the fiscal year counts - .33 staff year
- 1 one-third time employee employed 6 months of the fiscal year counts - .17 staff year

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT) continued
Years Ended June 30, 2011 and 2010**

(Unaudited)*

<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Operation and Maintenance Physical Plant</u>	<u>Independent Operations</u>	<u>Total All Functions</u>
52.20	61.70	62.70	7.00	-	1,453.70
78.80	25.90	188.50	184.70	-	703.00
13.60	6.80	25.20	8.10	-	139.90
<u>1.40</u>	<u>2.30</u>	<u>6.30</u>	<u>34.40</u>	-	<u>81.70</u>
<u>146.00</u>	<u>96.70</u>	<u>282.70</u>	<u>234.20</u>	-	<u>2,378.30</u>
2.70	146.20	7.90	2.30	40.60	441.40
0.10	78.30	28.70	172.40	247.10	594.00
<u>3.70</u>	<u>61.90</u>	<u>.90</u>	<u>8.90</u>	<u>294.00</u>	<u>426.00</u>
<u>6.50</u>	<u>286.40</u>	<u>37.50</u>	<u>183.60</u>	<u>581.70</u>	<u>1,461.40</u>
<u>152.50</u>	<u>383.10</u>	<u>320.20</u>	<u>417.80</u>	<u>581.70</u>	<u>3,839.70</u>
51.10	60.90	64.00	7.50	-	1,402.60
81.60	25.70	186.50	177.90	-	702.40
16.80	7.10	24.00	5.30	-	141.60
<u>1.70</u>	<u>2.70</u>	<u>7.40</u>	<u>40.70</u>	-	<u>95.60</u>
<u>151.20</u>	<u>96.40</u>	<u>281.90</u>	<u>231.40</u>	-	<u>2,342.20</u>
3.20	136.20	7.20	2.00	41.70	478.90
.30	80.10	27.30	171.30	249.70	601.60
<u>2.30</u>	<u>65.80</u>	<u>.90</u>	<u>8.50</u>	<u>251.00</u>	<u>382.80</u>
<u>5.80</u>	<u>282.10</u>	<u>35.40</u>	<u>181.80</u>	<u>542.40</u>	<u>1,463.30</u>
<u>157.00</u>	<u>378.50</u>	<u>317.30</u>	<u>413.20</u>	<u>542.40</u>	<u>3,805.50</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ANNUAL COST STATISTICS
June 30, 2011 and 2010**

(Unaudited)

Following is a computation of cost per full-time equivalent student:

	<u>2011</u>	<u>2010</u>
Total education and general expenses/expenditures from current appropriated funds	\$ 80,044,225*	\$ 80,731,421*
Expenses/expenditures from locally held University Income Fund	<u>132,864,858</u>	<u>124,250,508</u>
Total expenses from current appropriated and locally held funds	212,909,083	204,981,929
Full-time equivalent students	÷ <u>19,059</u>	÷ <u>19,022</u>
COST PER FULL-TIME EQUIVALENT STUDENT	<u>\$ 11,171</u>	<u>\$ 10,776</u>

* Amount represents total General Fund expenses less the amount for payments on behalf of the University.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
EMERGENCY PURCHASES
For the Years Ended June 30, 2011 and 2010**

In Fiscal Year 2011, the University had two emergency purchases.

The Horton Field House north gym floor had water damage and required new flooring for \$151,365. Repair delays due to settling an insurance claim negatively impacted summer camp schedules and jeopardized fall collegiate athletic schedules creating the need for the emergency purchase.

Illinois State University received a federal grant for conducting its renewable energy and water quality research project. The research project required the use of a field irrigator, which became available on spot market for \$150,000. This was a quick purchase from the City of Lexington for \$28,280 less than what the City originally paid for the equipment in a competitive bid process and \$30,244 less than the current market value.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
BOOKSTORE INFORMATION
For the Year Ended June 30, 2011**

(Unaudited)

The University has a contractual arrangement for bookstore operations on campus. The University's contract was for the period May 15, 2001 through June 30, 2006 and has been extended for the period July 1, 2006 through June 30, 2013. The contract with the bookstore requires commissions to be paid to the University based on the following terms:

1. 9.0% of gross sales up to \$3,000,000; plus
2. 10.0% of gross sales from \$3,000,000 to \$3,500,000; plus
3. 12.0% of gross sales over \$3,500,000

Bookstore gross sales and University commissions were as follows:

<u>Fiscal Year</u>	<u>Bookstore sales</u>	<u>Commission</u>
2011	\$ 2,606,266	\$ 234,564
2010	\$ 2,811,785	\$ 253,061
2009	\$ 2,938,367	\$ 264,453

The contract with the bookstore gives the contractor exclusive rights to sell books on campus; however, there is a competing bookstore near campus.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2011**

(Unaudited)

Agency: Illinois State University (636)	Major Function: Higher Education
Total Appropriated and Income Fund Budget as Approved by ISU Board of Trustees	\$ 385,525,000
Faculty FTE (Full Time Equivalent) - Fall 2010	1,025.0
Lab School FTE – Fall 2010	90.3
Admin/Professional FTE – Fall 2010	708.3
Civil Service FTE – Fall 2010	1,435.3
Fall 2010 Enrollment	21,134
FY2011 Degrees	5,267
FY2011 Undergraduate Direct Instruction Costs	\$40,022,880
FY2011 Graduate Direct Instruction Costs	\$6,600,688
FY2011 Undergraduate credit hours	523,610.5
FY2011 Graduate credit hours	44,816
FY2011 Undergraduate Direct Instruction Cost/Credit Hour	\$77.63
FY2011 Graduate Direct Instruction Cost/Credit Hour	\$156.47

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULES OF FEDERAL EXPENDITURES, NON-FEDERAL EXPENSES, AND NEW
LOANS
Year Ended June 30, 2011**

Schedule A – Federal Financial Component

Total Federal expenditures reported on SEFA schedule	\$143,925,941
Total new loans made not included on SEFA schedule	- *
Amount of Federal loan balances (not included on the SEFA schedule and continued compliance required)	- *
Other noncash federal award expenditures (not included on SEFA schedule)	10,770
Total Schedule A	<u>\$143,936,711</u>

Schedule B – Total Financial Component

Total operating expenses (from financial statements)	\$455,896,018
Total non-operating expenses (from financial statements)	4,419,723
Total new loans made	108,352,602
Amount of Federal loan balances	10,314,283
Other noncash Federal award expenditures	10,770
Total Schedule B	<u>\$578,993,396</u>

Schedule C

Total Schedule A	\$143,936,711	<u>24.86</u> %
Total Non-Federal Expenses	<u>435,056,685</u>	75.14 %
Total Schedule B	<u>\$578,993,396</u>	<u>100.00</u> %

* Loan amounts are included on SEFA schedule

These schedules are used to determine the University's single audit costs in accordance with OMB Circular A-133.

STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SUMMARY OF AGENCY OPERATIONS BY FUNCTION
OF PROGRAM ACTIVITY
STUDENT ENROLLMENT STATISTICS
Years Ended June 30, 2011 and 2010

(Unaudited)

Enrollment statistics for the past two academic years are as follows:

	Number of Enrolled Students at Beginning of School Year	
	<u>2010-2011</u>	<u>2009-2010</u>
All students, including extension	<u>21,134</u>	<u>21,184</u>
	Full-time Students Equivalent	
	<u>2010-2011</u>	<u>2009-2010</u>
All students, including extension	<u>19,059</u>	<u>19,022</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
UNDERGRADUATE TUITION AND FEE WAIVERS
For the Year Ended June 30, 2011**

(Unaudited)

	Total Number of Recipients*	Tuition Waived (In Thousands of Dollars)		Fees Waived (In Thousands of Dollars)	
		Number of Recipients*	Value of Waivers	Number of Recipients*	Value of Waivers
Mandatory Waivers					
Teacher Special Education	335	335	\$ 2,613.0	335	\$ 720.3
General Assembly	118	118	932.8	-	-
Reserve Officer's Training Corps	42	42	295.8	-	-
Wards of Illinois Department of Children and Family Services	30	28	139.2	30	29.2
Veterans Grants and Scholarships	347	347	2,299.2	-	-
Children of Employees	<u>273</u>	<u>273</u>	<u>980.9</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>1,145</u>	<u>1,143</u>	<u>7,260.9</u>	<u>365</u>	<u>749.5</u>
Discretionary Waivers					
Faculty/Administrators (Non-Civil Service)	9	9	14.1	8	3.2
Civil Service	73	73	177.1	69	42.0
Children of Deceased Employees	1	1	7.9	1	1.9
Athletic	373	373	2,076.0	-	-
Academic/Other Talent	579	579	1,933.8	23	32.8
Foreign Exchange Students	18	18	108.4	-	-
Out-of-State Students	3	3	19.6	1	2.0
Teaching Assistants	-	-	-	-	-
Retired University Employees	3	3	5.6	1	1.2
Cooperating Professionals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>1,059</u>	<u>1,059</u>	<u>4,342.5</u>	<u>103</u>	<u>83.1</u>
Total	<u>2,204</u>	<u>2,202</u>	<u>\$ 11,603.4</u>	<u>468</u>	<u>\$ 832.6</u>

* Unduplicated. Totals may be less than the sum of the detail.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
GRADUATE TUITION AND FEE WAIVERS
For the Year Ended June 30, 2011**

(Unaudited)

	Total Number of Recipients*	Tuition Waived		Fees Waived	
		Number of Recipients*	Value of Waivers	Number of Recipients*	Value of Waivers
Mandatory Waivers					
Teacher Special Education	13	13	\$ 63.1	13	\$ 18.5
Reserve Officer's Training Corps	1	1	3.7	-	-
Veterans Grants & Scholarships	<u>45</u>	<u>45</u>	<u>131.5</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>59</u>	<u>59</u>	<u>198.3</u>	<u>13</u>	<u>18.5</u>
Discretionary Waivers					
Faculty/Administrators (Non-Civil Service)	137	137	278.4	129	71.6
Civil Service	73	73	130.1	65	32.9
Cooperating Professionals	495	495	845.4	-	-
Athletic	8	8	36.2	-	-
Academic/Other Talent	507	507	782.8	60	31.9
Foreign Exchange Students	45	45	170.1	-	-
Graduate Assistants – Research	228	228	1,115.5	-	-
Graduate Assistants – Teaching	449	449	2,200.1	-	-
Graduate Assistants – Other	361	361	1,939.8	-	-
Retired University Employees	<u>2</u>	<u>2</u>	<u>2.9</u>	<u>1</u>	<u>.5</u>
(subtotal)	<u>2,305</u>	<u>2,305</u>	<u>7,501.3</u>	<u>255</u>	<u>136.9</u>
Total	<u>2,364</u>	<u>2,364</u>	<u>\$ 7,699.6</u>	<u>268</u>	<u>\$ 155.4</u>

* Unduplicated. Totals may be less than the sum of the detail.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
DEBT FINANCED BY UNIVERSITY RELATED ORGANIZATION
For the Year Ended June 30, 2011**

A contract at June 30, 2011 consisted of a \$3,300,000 installment contract-for-deed secured by the Alumni Center building. The contract requires 119 monthly payments of \$22,500 at 6.5% interest with a final payment of the remaining outstanding balance.

Maturities and Interest Requirements on the contract-for-deed at June 30, 2011, are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	69,085	200,915	270,000
2013	73,712	196,288	270,000
2014	78,649	191,351	270,000
2015	83,916	186,084	270,000
Sub-total	<u>305,362</u>	<u>774,638</u>	<u>1,080,000</u>
2016-2019	2,816,929	536,706	3,353,635
Sub-total	\$ <u>3,122,291</u>	\$ <u>1,311,344</u>	\$ <u>4,433,635</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ACQUISITION OF REAL ESTATE BY UNIVERSITY OR URO
NOT FUNDED BY SEPARATE SPECIFIC APPROPRIATION
Year Ended June 30, 2011**

In Fiscal Year 2011, the University did not acquire real estate which was funded outside of a separate specific appropriation.

STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF NET ASSETS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2011

	Indirect Cost Support	Continuing Education & Public Service	Sales & Service of Educational Activities	Student Programs & Services - University	Student Programs & Services - High School	Field Trip & Foreign Study Activities	Income Fund	Payroll Fund	Total
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ -	\$ 3,415,456	\$ 1,060,846	\$ 2,472,021	\$ 251,606	\$ 1,066,431	\$ (1,077,285)	\$ -	\$ 7,189,075
Cash and cash equivalents - restricted	-	-	-	-	-	-	9,760,515	-	9,760,515
Investments - Restricted	-	-	-	-	-	-	4,431,054	-	4,431,054
Accrued interest receivable	7,878	165	-	-	-	-	68,119	-	76,162
Accrued interest receivable - Restricted	-	-	-	-	-	-	19,897	-	19,897
Accounts receivable, net	-	258,923	12,469	402,549	-	-	3,342,040	-	4,015,981
Appropriations receivable from State	-	-	-	-	-	-	35,047,150	-	35,047,150
Inventories	-	187,734	23,793	127,203	-	-	-	-	338,730
Prepaid expenses and deposits	27,954	33,924	9,361	174,421	1,001	814	909,590	-	1,157,065
Deferred charges and obligations	-	-	-	-	-	-	69,468	-	69,468
Total current assets	35,832	3,896,202	1,106,469	3,176,194	252,607	1,067,245	52,570,548	-	62,105,097
Noncurrent Assets:									
Investments	2,334,442	48,954	-	-	-	-	20,185,498	-	22,568,894
Restricted Investments	-	-	-	-	-	-	3,244,036	-	3,244,036
Bond issuance costs	-	-	-	-	-	-	894,249	-	894,249
Capital assets, net	1,093,961	839,235	5,061,247	1,221,451	11,495	9,105	212,870,256	-	221,106,750
Other noncurrent assets	-	-	-	-	-	-	1,800,000	-	1,800,000
Total noncurrent assets	3,428,403	888,189	5,061,247	1,221,451	11,495	9,105	238,994,039	-	249,613,929
Total assets	3,464,235	4,784,391	6,167,716	4,397,645	264,102	1,076,350	291,564,587	-	311,719,026
LIABILITIES									
Current Liabilities:									
Accounts payable and accrued liabilities	111,411	311,440	127,184	673,387	23,317	183,850	6,809,765	-	8,240,354
Obligations payable	-	-	-	-	-	-	17,968	-	17,968
Assets held in custody for others and deposits	-	18,679	-	106,123	-	-	-	-	124,802
Deferred revenue	-	560,033	2,277	378,990	-	770,000	3,201,846	-	4,913,146
Accrued compensated absences	3,369	19,124	2,016	95,194	312	1,205	1,313,039	-	1,434,259
Certificates of Participation	-	-	-	-	-	-	1,198,238	-	1,198,238
Total current liabilities	114,780	909,276	131,477	1,253,694	23,629	955,055	12,540,856	-	15,928,767
Noncurrent Liabilities:									
Accrued compensated absences	27,757	157,569	16,608	784,329	2,568	9,930	11,242,059	-	12,240,820
Certificates of participation	-	-	-	-	-	-	34,334,008	-	34,334,008
Total noncurrent liabilities	27,757	157,569	16,608	784,329	2,568	9,930	45,576,067	-	46,574,827
Total liabilities	142,537	1,066,845	148,085	2,038,023	26,197	964,985	58,116,923	-	62,503,595
NET ASSETS									
Invested in capital assets, net of related debt	1,093,961	839,235	5,061,247	1,221,451	11,495	9,105	187,098,525	-	195,335,019
Unrestricted	2,227,737	2,878,311	958,384	1,138,171	226,410	102,260	46,349,139	-	53,880,412
Total net assets	\$ 3,321,698	\$ 3,717,546	\$ 6,019,631	\$ 2,359,622	\$ 237,905	\$ 111,365	\$ 233,447,664	\$ -	\$ 249,215,431

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Indirect Cost Support	Continuing Education & Public Service	Sales & Service Of Educational Activities	Student Programs & Services - University	Student Programs & Services - High School	Field Trip & Foreign Study Activities	Income Fund	Total
OPERATING REVENUES								
Student tuition and fees, net	\$ -	\$ 4,660	\$ -	\$ 24,327,472	\$ -	\$ 2,501,729	\$ 140,308,300	\$ 167,142,161
Sales and services of educational activities	-	-	2,566,187	-	4,197	-	-	2,570,384
Other operating revenues	1,748,223	10,117,723	2,034	8,707,231	216,013	418,950	501,583	21,711,757
Total operating revenues	1,748,223	10,122,383	2,568,221	33,034,703	220,210	2,920,679	140,809,883	191,424,302
OPERATING EXPENSES								
Educational and General								
Instruction	-	481,232	1,775,222	411,908	-	2,855,785	64,857,580	70,381,727
Research	593,575	42,584	118,303	-	661,414	-	504,254	1,920,130
Public service	-	6,570,901	453,512	7,836	-	-	446,576	7,478,825
Academic support	18,614	26,521	136,790	-	-	-	7,703,568	7,885,493
Student services	-	217,119	53,834	29,321,970	-	-	937,845	30,530,768
Institutional support	288,057	242,267	-	-	-	-	12,345,014	12,875,338
Operation and maintenance of plant	194,464	81,156	(49,152)	465,714	-	-	15,095,409	15,787,591
Depreciation	102,527	48,641	261,589	191,663	3,075	1,069	11,618,276	12,226,840
Staff benefits	32,898	95,668	7,475	41,835	2,712	6,698	(120,375)	66,911
Student aid	600	7,973	7,300	2,964,072	-	263	12,965,880	15,946,088
Other operating expenditures	-	2,337,382	10	900	-	-	-	2,338,292
Total operating expenses	1,230,735	10,151,444	2,764,883	33,405,898	667,201	2,863,815	126,354,027	177,438,003
Operating income (loss)	517,488	(29,061)	(196,662)	(371,195)	(446,991)	56,864	14,455,856	13,986,299
NONOPERATING REVENUES (EXPENSES)								
Payments on behalf of the University - Foundation	-	-	-	-	-	-	1,205,883	(1,205,883)
Laboratory Schools	-	-	-	-	545,974	-	-	545,974
Gifts and donations	-	652	198	-	-	-	319,917	320,767
Investment income, net of investment expenses	46,407	9,475	-	44,749	938	-	1,165,456	1,267,025
Interest expense	-	-	-	-	-	-	(389,330)	(389,330)
Other nonoperating revenues	-	142,083	28,408	483,087	-	-	93,737	747,315
Net nonoperating revenues	46,407	152,210	28,606	527,836	546,912	-	2,395,663	3,697,634
Income (Loss) before capital items	563,895	123,149	(168,056)	156,641	99,921	56,864	16,851,519	17,683,933
Capital appropriations	-	-	-	-	-	-	709,628	709,628
Capital grants and gifts	-	-	-	-	-	-	870,596	870,596
Total capital items	-	-	-	-	-	-	1,580,224	1,580,224
Increase (decrease) in net assets	563,895	123,149	(168,056)	156,641	99,921	56,864	18,431,743	19,264,157
NET ASSETS								
Net assets - beginning of year	2,757,803	3,594,397	6,187,687	2,202,981	137,984	54,501	215,015,921	229,951,274
Net assets - end of year	\$ 3,321,698	\$ 3,717,546	\$ 6,019,631	\$ 2,359,622	\$ 237,905	\$ 111,365	\$ 233,447,664	\$ 249,215,431

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF NET ASSETS - SERVICE DEPARTMENTS
June 30, 2011**

	<u>Service Departments</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 7,335,694
Accounts receivable, net	74,371
Inventories	1,707,312
Prepaid expenses and deposits	<u>179,827</u>
Total current assets	<u>9,297,204</u>
Noncurrent Assets:	
Capital assets, net	<u>3,398,950</u>
Total assets	<u>12,696,154</u>
 LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	982,674
Deferred revenue	73,045
Accrued compensated absences	<u>68,958</u>
Total current liabilities	1,124,677
Noncurrent Liabilities:	
Accrued compensated absences	1,011,868
Total liabilities	<u>2,136,545</u>
 NET ASSETS	
Invested in capital assets, net of related debt	3,398,950
Unrestricted	<u>7,160,659</u>
Total net assets	<u>\$ 10,559,609</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
SERVICE DEPARTMENTS
YEAR ENDED JUNE 30, 2011**

	<u>Service Departments</u>
OPERATING REVENUES	
Other operating revenues	\$ <u>16,984,553</u>
Total operating revenues	<u>16,984,553</u>
OPERATING EXPENSES	
Educational and General	
Instruction	863,530
Institutional support	7,664,433
Operation and maintenance of plant	6,957,078
Depreciation	947,549
Staff benefits	<u>48,121</u>
Total operating expenses	<u>16,480,711</u>
Operating income	503,842
NONOPERATING REVENUES (EXPENSES)	
Investment income, net of investment expenses	613,976
Other nonoperating revenues	5,075
Other nonoperating expenses	<u>(6,291)</u>
Total nonoperating revenues (expenses)	<u>612,760</u>
Increase in net assets	<u><u>1,116,602</u></u>
NET ASSETS	
Net assets - beginning of year	9,443,007
Net assets - end of year	\$ <u><u>10,559,609</u></u>

STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF NET ASSETS - AUXILIARY FACILITIES
JUNE 30, 2011

	<u>Housing</u>	<u>Student Activities</u>	<u>Parking</u>	<u>Auxiliary Facilities Total</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ (460,494)	\$ 114,853	\$ (667,084)	\$ (1,012,725)
Cash and cash equivalents - restricted	-	1,300,217	-	1,300,217
Investments	14,035,940	7,576,611	-	21,612,551
Accrued interest receivable	309,517	63,185	3,130	375,832
Accounts receivable, net	824,694	282,465	74,697	1,181,856
Inventories	718,380	185,731	-	904,111
Prepaid expenses and deposits	10,979	12,824	1,964,274	1,988,077
Deferred charges and obligations	17,150	68,336	12,775	98,261
Total current assets	<u>15,456,166</u>	<u>9,604,222</u>	<u>1,387,792</u>	<u>26,448,180</u>
Noncurrent Assets:				
Investments	59,094,048	1,112,898	927,639	61,134,585
Bond issuance costs	233,213	959,646	53,967	1,246,826
Capital assets, net	90,441,578	81,376,545	21,924,037	193,742,160
Total noncurrent assets	<u>149,768,839</u>	<u>83,449,089</u>	<u>22,905,643</u>	<u>256,123,571</u>
Total assets	<u>165,225,005</u>	<u>93,053,311</u>	<u>24,293,435</u>	<u>282,571,751</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	4,481,403	966,650	159,507	5,607,560
Assets held in custody for others and deposits	1,888,474	41,520	-	1,929,994
Deferred revenue	121,043	266,917	154,064	542,024
Accrued compensated absences	136,170	24,392	10,613	171,175
Revenue bonds payable	414,984	3,809,865	1,910,135	6,134,984
Total current liabilities	<u>7,042,074</u>	<u>5,109,344</u>	<u>2,234,319</u>	<u>14,385,737</u>
Noncurrent Liabilities:				
Assets held in custody for others and deposits	215,484	-	-	215,484
Accrued compensated absences	1,441,109	258,141	112,317	1,811,567
Revenue bonds payable	35,563,663	44,941,774	11,192,126	91,697,563
Total noncurrent liabilities	<u>37,220,256</u>	<u>45,199,915</u>	<u>11,304,443</u>	<u>93,724,614</u>
Total liabilities	<u>44,262,330</u>	<u>50,309,259</u>	<u>13,538,762</u>	<u>108,110,351</u>
NET ASSETS				
Invested in capital assets, net of related debt	54,462,931	33,925,123	8,821,776	97,209,830
Unrestricted	66,499,744	8,818,929	1,932,897	77,251,570
Total net assets	<u>\$ 120,962,675</u>	<u>\$ 42,744,052</u>	<u>\$ 10,754,673</u>	<u>\$ 174,461,400</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - AUXILIARY FACILITIES
YEAR ENDED JUNE 30, 2011**

	<u>Housing</u>	<u>Student Activities</u>	<u>Parking</u>	<u>Total</u>
OPERATING REVENUES				
Auxiliary enterprises:				
Auxiliary facilities	\$ 62,554,289	\$ 16,427,264	\$ 4,036,514	\$ 83,018,067
Total operating revenues	<u>62,554,289</u>	<u>16,427,264</u>	<u>4,036,514</u>	<u>83,018,067</u>
OPERATING EXPENSES				
Educational and General				
Depreciation	2,413,018	3,060,796	601,128	6,074,942
Auxiliary facilities:				
Student housing, activity facilities, and parking	<u>46,067,310</u>	<u>9,841,232</u>	<u>1,218,260</u>	<u>57,126,802</u>
Total operating expenses	<u>48,480,328</u>	<u>12,902,028</u>	<u>1,819,388</u>	<u>63,201,744</u>
Operating income	<u>14,073,961</u>	<u>3,525,236</u>	<u>2,217,126</u>	<u>19,816,323</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income, net of investment expenses	(532,700)	155,838	25,834	(351,028)
Interest expense	(1,629,300)	(1,719,784)	(681,309)	(4,030,393)
Other nonoperating revenues	<u>224,497</u>	<u>15,009</u>	<u>200</u>	<u>239,706</u>
Net nonoperating expenses	<u>(1,937,503)</u>	<u>(1,548,937)</u>	<u>(655,275)</u>	<u>(4,141,715)</u>
Increase in net assets	<u>12,136,458</u>	<u>1,976,299</u>	<u>1,561,851</u>	<u>15,674,608</u>
NET ASSETS				
Net assets - beginning of year	108,826,217	41,108,997	9,232,073	159,167,287
Prior period adjustments	<u>-</u>	<u>(341,244)</u>	<u>(39,251)</u>	<u>(380,495)</u>
Net assets - end of year	<u>\$ 120,962,675</u>	<u>\$ 42,744,052</u>	<u>\$ 10,754,673</u>	<u>\$ 174,461,400</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CALCULATION SHEET FOR INDIRECT COST CARRYFORWARD
June 30, 2011**

1. Cash and Equivalents Balance

Add:

Cash	-	
Cash Equivalents		
Bank Deposits		
Marketable Securities	2,293,515	
Certificates of Deposit		
Repurchase Agreements		
Other cash equivalent items		
Interfund receivables		2,293,515

2. Allocated Reimbursements

Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed: \$5,853,324; enter 30% of this amount	1,755,997
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3. Unallocated Reimbursements

Enter the lesser of the actual unallocated indirect cost reimbursements for the year completed OR 10% of total indirect cost allocations for the year completed	174,822
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4. Encumbrances and Current Liabilities Paid in the Lapse Period

Enter the amount of:

Current Liabilities	114,780
Encumbrances	-
Total	114,780

5. Indirect Cost Carry-forward

a. Enter the total of items 2, 3 and 4	2,045,599
b. Subtract from item 1	247,916
If a positive number results, enter here and remit for deposit in the Income Fund.	247,916

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CURRENT UNRESTRICTED LOCAL FUNDS
CONTINUING EDUCATION AND PUBLIC SERVICES
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2011**

1. Current Available Funds

Add:

Cash	-
Cash Equivalents	
Bank Deposits	
Marketable Securities	3,463,552
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. 3,463,552

2. Working Capital Allowance

Add:

Highest month's expenditures	1,344,344
Encumbrances and current liabilities paid in lapse period	434,816
Deferred income	560,033
Refundable deposits	18,679
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	176,693
Working Capital Allowance	B. 2,534,565

3. Current Excess Funds

Deduct B from A and enter here	C. 928,987
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4. Calculation of Income Fund Remittance

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here	D. (153,224)
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Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	775,763
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**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CURRENT UNRESTRICTED LOCAL FUNDS
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2011**

1. Current Available Funds

Add:

Cash	
Cash Equivalents	
Bank Deposits	1,060,846
Marketable Securities	
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. 1,060,846

2. Working Capital Allowance

Add:

Highest month's expenditures	355,441
Encumbrances and current liabilities paid in lapse period	127,184
Deferred income	2,277
Refundable deposits	-
Allowance for Restoring Inventory to Normal Level	65,284
Allowance for Sick Leave/Vacation Payouts	18,624
Working Capital Allowance	B. 568,810

3. Current Excess Funds

Deduct B from A and enter here	C. 492,036
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4. Calculation of Income Fund Remittance

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here	D. (767,713)
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Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(275,677)
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**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CURRENT UNRESTRICTED LOCAL FUNDS
STUDENT PROGRAMS AND SERVICES
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2011**

1. Current Available Funds

Add:

Cash	-
Cash Equivalents	
Bank Deposits	2,723,627
Marketable Securities	
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	-
Interfund receivables	
Total Current Available Funds	A. 2,723,627

2. Working Capital Allowance

Add:

Highest month's expenditures	6,093,081
Encumbrances and current liabilities paid in lapse period	696,703
Deferred income	378,990
Refundable deposits	106,123
Allowance for Restoring Inventory to Normal Level	
Allowance for Sick Leave/Vacation Payouts	882,404
Working Capital Allowance	B. 8,157,301

3. Current Excess Funds

Deduct B from A and enter here	C. (5,433,674)
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4. Calculation of Income Fund Remittance

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here	D. (335,262)
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Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(5,768,936)
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**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CURRENT UNRESTRICTED LOCAL FUNDS
FIELD TRIPS AND FOREIGN STUDY
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2011**

1. Current Available Funds

Add:

Cash	
Cash Equivalents	
Bank Deposits	1,066,431
Marketable Securities	
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. 1,066,431

2. Working Capital Allowance

Add:

Highest month's expenditures	579,833
Encumbrances and current liabilities paid in lapse period	183,850
Deferred income	770,000
Refundable deposits	
Allowance for Restoring Inventory to Normal Level	
Allowance for Sick Leave/Vacation Payouts	11,135
Working Capital Allowance	B. 1,544,818

3. Current Excess Funds

Deduct B from A and enter here	C. (478,387)
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4. Calculation of Income Fund Remittance

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here	D. (2,142)
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Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(480,529)
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**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SERVICE DEPARTMENTS
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2011**

1. Current Available Funds

Add:

Cash	155,962
Cash Equivalents	
Bank Deposits	7,179,732
Marketable Securities	
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	74,371
Total Current Available Funds	A. 7,410,065

2. Working Capital Allowance

Add:

Highest month's expenditures	1,853,249
Encumbrances and current liabilities paid in lapse period	982,674
Deferred income	73,045
Refundable deposits	
Allowance for Restoring Inventory to Normal Level	
Allowance for Sick Leave/Vacation Payouts	1,080,826
Working Capital Allowance	B. 3,989,794

3. Current Excess Funds

Deduct B from A and enter here	C. 3,420,271
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4. Calculation of Income Fund Remittance

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here	D. (4,406,599)
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Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(986,328)
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**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
AUXILIARY FACILITIES - REVENUE BONDS
STUDENT HOUSING
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2011**

1. Current Available Funds

Add:

Cash	7,677
Cash Equivalents	
Bank Deposits	
Marketable Securities	13,649,749
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. 13,657,426

2. Working Capital Allowance

Add:

Highest month's expenditures	6,373,868
Encumbrances and current liabilities paid in lapse period	958,986
Deferred income	121,043
Refundable deposits	2,103,958
Allowance for Restoring Inventory to Normal Level	383,329
Allowance for Sick Leave/Vacation Payouts	1,577,279
Working Capital Allowance	B. 11,518,463

3. Current Excess Funds

Deduct B from A and enter here	C. 2,138,963
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4. Calculation of Income Fund Remittance

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here	D. (3,776,574)
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Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(1,637,611)
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**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
AUXILIARY FACILITIES - REVENUE BONDS
STUDENT ACTIVITIES
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2011**

1. Current Available Funds

Add:

Cash	
Cash Equivalents	
Bank Deposits	83,696
Marketable Securities	40,520
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. 124,216

2. Working Capital Allowance

Add:

Highest month's expenditures	1,920,878
Encumbrances and current liabilities paid in lapse period	307,762
Deferred income	266,917
Refundable deposits	41,520
Allowance for Restoring Inventory to Normal Level	80,658
Allowance for Sick Leave/Vacation Payouts	282,533
Working Capital Allowance	B. 2,900,268

3. Current Excess Funds

Deduct B from A and enter here	C. (2,776,052)
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4. Calculation of Income Fund Remittance

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here	D. (6,259,635)
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Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(9,035,687)
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**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
AUXILIARY FACILITIES - REVENUE BONDS
PARKING SERVICES
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2011**

1. Current Available Funds

Add:

Cash	(1,009,177)
Cash Equivalents	
Bank Deposits	
Marketable Securities	
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. (1,009,177)

2. Working Capital Allowance

Add:

Highest month's expenditures	384,524
Encumbrances and current liabilities paid in lapse period	43,980
Deferred income	154,064
Refundable deposits	-
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	122,930
Working Capital Allowance	B. 705,498

3. Current Excess Funds

Deduct B from A and enter here	C. (1,714,675)
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4. Calculation of Income Fund Remittance

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here	D. (1,360,932)
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Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(3,075,607)
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**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES
Year Ended June 30, 2011**

A listing of the University's Auxiliary Facilities, Activities, Accounting Entities, their purposes, and their sources of revenue for the year ended June 30, 2011 are provided below.

Indirect Cost Support

These accounts are supported by indirect cost reimbursements or accounts that receive funding as a by-product of federal, state, and private grants. The funds pay for administrative costs, physical plant cost (including utilities), and grant proposals.

Current Unrestricted Local Funds

Continuing Education and Public Services

These activities are established primarily to provide noncredit services to individuals and groups external to the institution. These activities include community services programs and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, alumni activities, and similar non-instructional services to particular sectors of the community.

Sales and Services of Educational Activities

Sales and services of educational activities support instruction and help demonstrate classroom or related educational techniques to students. Revenue is from services and materials furnished which are incidental to the department. Receipts are from testing, cartographic services, book sales, sales of instructional materials, and public opinion services.

Student Programs and Services

These programs are supported by student activity fees, gate receipts from athletic events, and income from concerts and performances sponsored by the students.

In addition to the intercollegiate athletics programs, the funds sponsor a variety of student functions including speakers, acquisition of art objects, legal assistance, and grants-in-aid.

Field Trips and Foreign Study

These activities are supporting program costs for primarily credit courses at an off-campus site or at a foreign educational institution. The supporting costs include housing, transportation, printing, advertising, admissions, and other related program costs.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES
Year Ended June 30, 2011**

Service Departments

These departments provide services to various University departments on a charge-back basis. Rates are established and reviewed periodically to operate each service department on a break-even basis.

Auxiliary Facilities

Student Housing

Accounts for the University's student residence halls and dining facilities whose construction was financed through the issuance of revenue bonds. The primary sources of revenue are room and board income, interest, food stores' sales, bakery sales, and laundry and vending machine commissions.

Student Activities

Accounts for the University's student union, athletic facilities, golf course, center for performing arts, and related facilities whose construction was financed through the issuance of revenue bonds. The primary sources of revenue are student fees and merchandise and service sales.

Parking Services

This account supports the development and maintenance of campus parking lots and decks. The source of funds is from parking permits, meters, fines, and rentals.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SUMMARY OF FOUNDATION PAYMENTS TO UNIVERSITY
Years Ended June 30, 2011 and 2010**

The University recognizes Illinois State University Foundation as a University-Related Organization as defined in the University Guidelines.

During fiscal years 2011 and 2010, Illinois State University engaged the Foundation, under contract, to provide development and fund raising services. The University made a payment of \$200,000 for fiscal year 2010. In addition, the University contributed services and expenditures in the amount of \$1,755,690 and \$1,707,897 during fiscal years 2011 and 2010, respectively. As required by contract, the Foundation fully repaid the University, using funds considered unrestricted for purposes of the computations per University Guidelines. There was no cumulative unreimbursed subsidy for fiscal years 2011 and 2010. During fiscal years 2011 and 2010 the Foundation contributed services and expenditures of \$8,012,794 and \$6,611,929, respectively that were for the direct and/or indirect support of the University.

During the performance of our procedures, we noted no other independent organizations related to the University.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
NON-INSTRUCTIONAL FACILITIES RESERVE
For the Years Ended June 30, 2011 and 2010**

Non-instructional Facilities Reserve Account (Development Reserve)

The Board of Regents, on behalf of Illinois State University, established a Non-instructional Facility Reserve on January 22, 1987, by transferring \$1,250,000 of available revenue from the 1985B Bond Series to be held for use to acquire additional student recreational space. The Board also approved the use of interest derived from the investment of the reserve for the lease of additional student recreational space until such time as the purchase of additional space is approved by the Board. The balance of the Development Reserve at June 30, 2011, is \$0.

On May 12, 2006, the Board of Trustees authorized the planning and design of a new student recreation center. Construction for the project began in 2008 and was completed by January 2011.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
DISCLOSURE OF SUPPORT WHICH AUXILIARY FACILITIES
AND ACTIVITIES HAVE RECEIVED DURING THE YEAR
FROM STATE APPROPRIATED FUNDS
June 30, 2011**

Certain student employees are paid from funds of the Federal College Work-Study Program. In accordance with long standing public policy in Illinois, approximately \$4,777,943 of group insurance expense and \$3,438,524 of retirement plan contributions were also paid from State appropriated funds during the year ended June 30, 2011. These amounts are shown in the University's financial statements as "Payments on behalf of the University."

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ILLINOIS INSTITUTE FOR ENTREPRENEURSHIP EDUCATION
FINANCIAL INFORMATION
June 30, 2011**

On October 26, 2010, Illinois State University transferred \$200,000 to Chicago State University. No expenditures were incurred prior to this date during fiscal year 2011 for the IIEE program. Effective the date of transfer, Chicago State University took over IIEE program.

The Illinois Institute for Entrepreneurship Education (IIEE) was created by an act of the Illinois General Assembly in 1988. The purpose of the IIEE is to foster growth and development of entrepreneurship by educating Illinois citizens to the viability of entrepreneurship as a career option and to the role and contributions of entrepreneurs in economic development and job creation. The IIEE is mandated to reach all areas of the State, all ages, all ethnic groups, and income levels.

The IIEE's goals are to help remedy the deficiencies in the preparation of entrepreneurship education teachers, increase the quality and quantity of entrepreneurship education programs, improve instructional materials, and prepare personnel to serve as leaders and consultants in the field of entrepreneurship education and economic development.

The IIEE was created under the oversight of Illinois State University and, by working cooperatively with the University, the IIEE offers Illinois teachers two university accredited graduate courses in entrepreneurship.

The IIEE has a fifteen-member board of directors representing education, commerce and industry, government, and labor.

To more effectively reach its markets, the Institute has established three distinct operational divisions: Community Economic Development, Youth Enterprise Development, and Teacher Education and Training.

The current Director of the IIEE is Ida Manning, located at 200 South Michigan, Suite 700, Chicago, Illinois 60610, telephone (312) 587-9296.

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