

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY**

**COMPLIANCE EXAMINATION
In Accordance with the Single Audit Act and OMB Circular A-133,
FOR THE YEAR ENDED JUNE 30, 2010**

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



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

**State of Illinois
Western Illinois University
Compliance Examination
(In Accordance with the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2010**

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**State of Illinois
Western Illinois University**

University Officials

President	Dr. Alvin Goldfarb
Vice President for Administrative Services	Mrs. Jacqueline K. Thompson
Director, Business Services	Mr. Ronald G. Ward
Director, Internal Auditing	Ms. Rita M. Moore

University offices are located at:

Macomb Campus
1 University Circle
Macomb, Illinois 61455

Quad Cities Campus
3561 60th Street
Moline, Illinois 61265



**WESTERN
ILLINOIS
UNIVERSITY**

March 11, 2011

E. C. Ortiz & Co., LLP
333 S. DesPlaines Street, Suite 2-N
Chicago, Illinois 60661

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 Western Illinois University (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 University's compliance with the following assertions during the year ended June 30, 2010. Based on this evaluation, we assert that during the year ended June 30, 2010, the University has materially complied with the assertions below.

- A. The 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 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 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 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 University on behalf of the State or held in trust by the 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,

Western Illinois University



Dr. Alvin Goldfarb
President



Jacqueline K. Thompson
VP for Administrative Services



Ronald Ward
Director of Business Services

**State of Illinois
Western Illinois University**

Compliance Report

Summary

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' Report

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 Findings	Compliance Report	Prior Compliance Report
Findings	6	5
Repeated findings	2	1
Prior recommendations implemented or not repeated	3	1

Details of findings are included in a separate section of this report.

Schedule of Findings and Questioned Costs

Item No.	Page	Description	Finding Type
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
10-1	17	Inadequate Controls Over Acquisition of Public TV Station	Material Weakness and Noncompliance
10-2	22	Inadequate Process for Evaluating the Estimated Allowance for Doubtful Accounts Receivable	Significant Deficiency and Noncompliance
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
	24	None	
<i>FINDINGS (STATE COMPLIANCE)</i>			
10-3	25	Employee Time Sheets Were Not Adequate	Significant Deficiency and Noncompliance

**State of Illinois
Western Illinois University**

Schedule of Findings and Questioned Costs (Continued)

Item No.	Page	Description	Finding Type
FINDINGS (STATE COMPLIANCE) (Continued)			
10-4	27	Noncompliance With Required Contracting Procedures	Significant Deficiency and Noncompliance
10-5	30	Untimely Approval and Payment of Vouchers	Significant Deficiency and Noncompliance
10-6	32	Weaknesses Regarding the Security and Control of Confidential Information	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.

FINDINGS (STATE COMPLIANCE)

10-1	17	Inadequate Controls Over Acquisition of Public TV Station	Material Weakness and Noncompliance
10-2	22	Inadequate Process for Evaluating the Estimated Allowance for Doubtful Accounts Receivable	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A	34	Inaccurate Reporting of Student Data
B	34	Inadequate Grant Reporting Procedures
C	34	Inadequate Compliance with Board of Higher Education Act

Exit Conference

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on December 15, 2010. Attending were:

Western Illinois University

Dr. Alvin Goldfarb, President
 Jacqueline K. Thompson, Vice President - Administrative Services
 Joseph Rives, Vice President - QC Campus, Planning and Technology (via teleconference)
 Dr. Kenneth S. Hawkinson, Associate Provost for Budget, Planning & Personnel
 Rita M. Moore, Director - Internal Auditing

State of Illinois
Western Illinois University

Exit Conference (Continued)

Western Illinois University (Continued)

Michael A. Rodriguez, Chief Technology Security Officer
Theresa D. Roegge, Director - Purchasing
Ronald G. Ward, Director - Business Services
Cheryl L. Webster, Assistant Comptroller - Business Services
Barbara A. Thompson, Assistant Comptroller - Business Services
Michael R. Sartorius, Internal Auditor - Internal Auditing
Ola Adewunmi, Intern - Internal Auditing

Office of the Auditor General

Lisa Warden, Audit Manager
Joe Gudgel, IS Audit Manager

E. C. Ortiz & Co., LLP

Edilberto C. Ortiz, Partner
Leilani N. Rodrigo, Partner
Cecilia F. Lazaro, Manager
Annabelle S. Abueg, IS Audit Manager

The responses to the recommendations were provided by Rita Moore in a letter dated December 22, 2010.



**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

The Board of Trustees
Western Illinois University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Western Illinois 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, 2010. The management of Western Illinois University is responsible for compliance with these requirements. Our responsibility is to express an opinion on Western Illinois University's compliance based on our examination.

- A. Western Illinois 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. Western Illinois 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. Western Illinois 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 Western Illinois 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 Western Illinois University on behalf of the State or held in trust by Western Illinois University 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 Western Illinois 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 Western Illinois University's compliance with specified requirements.

In our opinion, Western Illinois University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2010. However, the results of our procedures disclosed instances of noncompliance, 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 findings 10-1, 10-2, 10-3, 10-4, 10-5, and 10-6.

Internal Control

The management of Western Illinois 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 Western Illinois 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Western Illinois University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be 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 questioned costs we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that 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 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 the requirements listed in the first paragraph of this report on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that

a 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 deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 10-1 to be a material weakness.

A significant deficiency in internal control 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 10-2, 10-3, 10-4, 10-5, and 10-6 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.

Western Illinois 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 Western Illinois 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 Western Illinois University and its discretely presented component unit as of and for the year ended June 30, 2010, which collectively comprise Western Illinois University's basic financial statements, and have issued our report thereon dated February 4, 2011. Our report was modified to include a reference to other auditors. 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. 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 Western Illinois University. The 2010 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 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 for the year ended June 30, 2010 taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the Western Illinois University's basic financial statements for the year ended June 30, 2009. In our report dated March 8, 2010, we expressed unqualified opinions on the financial statements of the business-type activities of Western Illinois University and its discretely presented component unit. In our opinion, the 2009 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, 2009, 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 and Western Illinois University's 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.

D. C. Gitz & Co. LLP
Chicago, Illinois
March 11, 2011



**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

The Board of Trustees
Western Illinois University

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of Western Illinois University (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, 2010, which collectively comprise the University's basic financial statements and have issued our report thereon dated February 4, 2011. Our report was modified to include a reference to 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 auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and 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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the 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 and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 10-1 in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* 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 deficiency described in finding 10-2 in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 10-1 and 10-2.

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the University's responses and, accordingly, we express no opinion on the responses.

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 and the University's 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.

D. C. G. King & Co. LLC
Chicago, Illinois
February 4, 2011



**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

The Board of Trustees
Western Illinois University

Compliance

We have audited Western Illinois University's compliance 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 Western Illinois University's major federal programs for the year ended June 30, 2010. Western Illinois University's major federal programs are identified in the summary of auditors' 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 Western Illinois University's management. Our responsibility is to express an opinion on Western Illinois 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 Western Illinois 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 Western Illinois 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 Western Illinois University's compliance with those requirements.

In our opinion, Western Illinois University complied, in all material respects, with the 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, 2010.

Internal Control over Compliance

The management of Western Illinois 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 Western Illinois University's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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 Western Illinois 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 Western Illinois University and its discretely presented component unit as of and for the year ended June 30, 2010, and have issued our report thereon dated February 4, 2011. Our report was modified to include a reference to other auditors. 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. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Western Illinois 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 and Western Illinois University's 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.

C. C. G. J. & Co. LLP
Chicago, Illinois

March 11, 2011, except for the Schedule of Expenditures of Federal Awards and the related notes, as to which the date is February 4, 2011.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.033	ARRA - Federal Work-Study Program
84.038	Federal Perkins Loan Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.375	Academic Competitiveness Grants
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Summary of Auditors' Results (Continued)

Federal Awards (Continued)

Identification of major programs (continued):

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)
	Research and Development Cluster:
10.001	Agricultural Research_Basic and Applied Research
10.215	Sustainable Agriculture Research Education
10.310	Agriculture and Food Research Initiative (AFRI)
15.650	Research Grants (Generic)
15.810	National Cooperative Geologic Mapping Program
47.050	Geosciences
47.070	Computer and Information Science and Engineering
47.074	Biological Sciences
47.075	Social, Behavioral, and Economic Sciences
47.082	Trans-NSF Recovery Act Research Support
84.133E	National Institute on Disability and Rehabilitation Research
93.395	Cancer Treatment Research
93.701	ARRA - Trans-NIH Recovery Act Research Support
	State Fiscal Fund Stabilization Cluster:
84.394	State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
84.397	State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act
14.246	Community Development Block Grants/Brownfields Economic Development Initiative
84.116	Fund for the Improvement of Postsecondary Education
84.367	Improving Teacher Quality State Grants
84.002	Adult Education - Basic Grants to States
94.006	AmeriCorps
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and B programs:

\$300,000

Auditee qualified as low-risk auditee?

 Yes ✓ No

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - *Government Auditing Standards*

Finding No. 10-1 - Inadequate Controls Over Acquisition of Public TV Station

Western Illinois University (University) did not perform adequate due diligence regarding the acquisition of a public television station (Station).

In line with the University's Strategic Plan *Higher Values in Higher Education*, the University and a community college (College) entered into an agreement (Agreement) on October 16, 2009, to transfer the license and ownership of the Station to the University. The Agreement was contingent upon approval of the Federal Communications Commission (FCC). The Agreement included donation of assets, properties, interests and rights of the College in connection with the operation of the Station to the Western Illinois University Foundation (Foundation) and to the University. Upon approval by the FCC of the license transfer, the Agreement was finalized on May 1, 2010. The University, however, did not perform adequate due diligence prior and subsequent to the closing date. During our review of the Agreement, various contracts, and the University property records, the following were noted:

- Schedules of the Station's tangible personal property, licenses, contracts, leases and other agreements were referenced, but were not included in the original Agreement. Property schedules were provided in June 2010 and leases and other agreements were provided at the May 1, 2010 closing. The College entered into a separate agreement to dispose of certain Station analog equipment just four days after the Agreement was signed. Ten days after the Agreement, the College agreed to loan Station equipment to a vendor in exchange for a discount on production services. However, the specific components loaned out were not itemized or tagged and were co-mingled with other vendor equipment, making identification of Station property impossible. The University took no measures to seek recourse under the terms of the Agreement.
- Errors were made in recording the value of capital assets donated to the University. The University capitalized equipment at historical cost instead of at fair market or appraised value at the time of donation. The University also recorded the retroactive depreciation expense for all equipment transferred, thereby overstating non-operating revenue and depreciation expense accounts by \$1.9 million.
- Prior to the University's physical inventory, we noted that there was a lack of physical controls to secure fixed assets. Equipment was not tagged and inventoried by the University upon the Agreement closing on May 1, 2010 or prior to physical transfer to its new location on June 1, 2010.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - *Government Auditing Standards* (Continued)

Finding No. 10-1 - Inadequate Controls Over Acquisition of Public TV Station (Continued)

- Physical inventory of fixed assets at the Station was not performed by the University until July 2010, two months after closing. Based on the inventory, equipment transferred and recorded at \$1.9 million was missing. In addition, staff found 13 assets not included in the Station's equipment inventory with a historical cost of \$194,660. The University subsequently updated their property records based on the results of the inventory.
- The University capitalized equipment in the University's fixed asset's inventory system based on the list provided by the Station's management without verifying whether the equipment existed or the accuracy of the records. Thus, the University's Annual Certification of Inventory and fourth quarter Agency Report of State Property (C-15 report) submitted to the Department of Central Management Services and the State Comptroller, respectively, were inaccurate since these reports included the missing equipment. Equipment found during the inventory at the Station was also excluded from these reports. The University subsequently revised the C-15 report to exclude the missing equipment and include equipment found during the inventory.
- On December 2, 2009, the Station entered into an agreement with another television station connecting its equipment to and through the other station's microwave facilities. Unknown to the University, this agreement was signed by the College's President, and also included transferring ownership of 29 equipment items to the other station in lieu of rent for the first five-year term. The terms of this agreement conflicted with the terms of the agreement between the University and the College. Management stated the University did not seek recourse because the equipment was no longer used and this agreement would help sustain the Station's budget.
- During our testing of equipment at the Station, we noted that one of 25 (4%) items tested, a system satellite valued at \$77,977, could not be located.

Good business practice dictates that prior to any business acquisition, adequate risk assessment and due diligence should be performed to manage and reduce the operational and investment risks. Good business practice also requires that assets be appropriately secured and maintained and fully accounted for. In addition, financial representations should be verified and reviewed to obtain reasonable assurance that all financial records of the business subject to acquisition are free of material misstatements.

Paragraph 8, (d) of the Agreement between the College and the University stated that prior to the closing date, College shall not, without the prior consent of the University, sell, lease, transfer, or agree to sell, lease, or transfer any of the assets without replacement thereof with

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - *Government Auditing Standards* (Continued)

Finding No. 10-1 - Inadequate Controls Over Acquisition of Public TV Station (Continued)

assets of equivalent kind, condition, and value that meets industry standards for such assets, or create any lien on the assets.

Also, Paragraph 14 of the Agreement between the College and the University stated that the risk of loss or damage to any of the assets prior to the closing date shall be upon the College. In the event that assets with an aggregate value of greater than \$10,000 are damaged or lost as of the closing date, the University may, at its option either (1) postpone closing for a period of up to 60 days while the College repairs or replaces such lost or damaged assets, or (2) elect to close with the assets in their condition as of that time, in which case the College shall assign all proceeds from insurance on such lost or damaged assets to the University, and the University shall have the responsibility to repair or replace the assets. If the condition is not resolved, the University may elect to terminate the Agreement. Good business practice dictates the University should evaluate the existence of assets prior to closing and exercise its options under the Agreement to recoup any losses due to inappropriate disposition, loss or damage of property.

The University policy and Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, states that donated capital assets should be capitalized at the fair market or appraised value of the asset at the date it was donated plus all appropriate ancillary costs.

The State Property Control Act (30 ILCS 605/6.02) describes an agency's reporting responsibilities to the Department of Central Management Services (CMS). Agencies must also maintain a permanent record of all property. A listing of the permanent record is required to be submitted to CMS annually in a format prescribed by CMS. Illinois Administrative Code (Title 44, Subtitle D, Chapter 1, Part 5010.400) requires agencies to adjust property records within 30 days of acquisition, change or deletion of equipment items.

WIU management stated that management was not sufficiently aware of the complex steps involved in the acquisition process to ensure adequate controls are in place. A vice president of the University stated that he was aware that the Station was disposing of the analog equipment; however, there was no written authorization to the College that it was approved to dispose of the equipment. Further, University management stated that the donation of capital assets in conjunction with the acquisition of the Station were recorded on the University's books at historical cost less accumulated depreciation following verbal guidance from a staff member in the Illinois Office of the Comptroller. The total amount capitalized was based on the June 30, 2009 audited financial statements of the Station with additions and deletions through April 30, 2010 as provided by the College. At the time of the license transfer, the Station was in the process of moving and of transferring master control operations to a third

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - *Government Auditing Standards* (Continued)

Finding No. 10-1 - Inadequate Controls Over Acquisition of Public TV Station (Continued)

party vendor. WIU did not physically inventory equipment in May because of these moves. As equipment was not available for physical inventory until the end of June, Property Accounting staff members visited the Station to physically inventory and tag Station property as soon as possible after 2010 books were closed. The Office of Internal Audit became involved in the process as an audit of Property Accounting was being conducted. Once Property Accounting with the assistance of Internal Audit concluded their assessment of the physical inventory, the 2010 accounting records were corrected and the C-15 was revised. University management also stated that the system satellite could not be located due to staff errors in tagging the equipment.

Failure to perform adequate due diligence on business acquisitions will result in failure to fully integrate identified risks into management or Board of Trustees decisions. Poor physical controls over fixed assets might result in fraud or property losses. Since the University performed a complete equipment inventory after the closing date, there is an increased risk that the value of the missing equipment from the College may not be recovered.

Failure to properly record transactions and account balances may result in inaccurate and incomplete financial statements. Also, transactions were not recorded in accordance with GAAP and University policy. In addition, inaccurate property reporting reduces the reliability of University capital asset information. (Finding Code No. 10-1)

Recommendation

We recommend the University implement a formal risk assessment process, perform thorough due diligence, and re-evaluate its financial reporting risk every time it undergoes an unusual, non-recurring, or other complex type of transaction such as acquisition of a business, so that management and the Board of Trustees can make informed decisions. We also recommend that the University implement comprehensive review procedures to ensure that the transactions and account balances are properly recorded in accordance with generally accepted accounting principles. Further, the University should ensure that equipment records are accurately maintained and updated in a timely manner. Finally, the University should evaluate whether any legal remedies can and should be pursued.

University Response

The University agrees with the finding. As mentioned above, the acquisition and license transfer of the public television station was from a community college to the University. It was a complex, one-time transaction between the University and community college, compounded by the station relocation, conversion from analog to digital transmission and the outsourcing of

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - *Government Auditing Standards* (Continued)

Finding No. 10-1 - Inadequate Controls Over Acquisition of Public TV Station (Continued)

University Response (Continued)

technological functions during the period of license transfer. The University will ensure that future new equipment is properly inventoried and that equipment items acquired are tagged in a timely manner. Both the Macomb and Quad Cities campuses are committed to working closely together and will conduct a review of campus-based functions to ensure that appropriate business practices are followed. The University has evaluated its options and does not plan to seek legal remedies. The questioned equipment is obsolete.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - *Government Auditing Standards* (Continued)

Finding No. 10-2 - Inadequate Process for Evaluating the Estimated Allowance for Doubtful Accounts Receivable

The University did not establish an adequate process to evaluate estimated allowance for doubtful accounts.

The University estimated the allowance for doubtful accounts of the student accounts receivable to be \$3,868,300 at the end of June 30, 2010, which represented 51% of the student accounts receivable balance at the end of the fiscal year. The allowance for doubtful accounts was computed based on the total balance of the receivables over one year and 1% of the total revenues for the current fiscal year. During our audit, we noted that the University did not establish a process to evaluate the reasonableness of these estimates. There was not sufficient data on which the estimates were based that were available for review. As such, we could not test the information used by management to develop the estimates.

Generally accepted accounting principles (GAAP) require that allowance for uncollectible accounts represent management's best estimates for the amount of receivables that will not be collected. The allowance for doubtful accounts is a significant estimate that requires proper analysis and evaluation of past and current events, as well as assumptions used. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure proper financial reporting.

University management stated that the allowance for doubtful accounts estimate was established several years ago based on the fact that student accounts receivable remain on the books for approximately 5 years before being written off due to extensive collection efforts. Collection efforts include in-house collections and placement with a collection agency and/or an attorney. Management stated that since the practice of writing off accounts receivable has not changed, neither has the basis for the allowance estimate. In Fiscal Year 2009 and 2010, the University actually wrote off 8% of total student accounts receivable.

Due to the degree of uncertainty and subjectivity associated in establishing an accounting estimate, failure to establish a periodic process for determining and analyzing the estimate increases the likelihood of material misstatements of accounting estimates. (Finding Code No. 10-2)

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - *Government Auditing Standards* (Continued)

Finding No. 10-2 - Inadequate Process for Evaluating the Estimated Allowance for Doubtful Accounts Receivable (Continued)

Recommendation

We recommend the University management establish an adequate process to prepare annual accounting estimates. Specifically, we recommend the following:

- Accumulate relevant, sufficient, and reliable data on which to base an accounting estimate;
- Identify relevant factors that may affect the accounting estimate;
- Adequately review and approve the accounting estimates by appropriate levels of authority. The review should include review of sources of relevant information, developments of assumptions, reasonableness of assumptions and resulting estimates, and changes in previously established methods to arrive at accounting estimates;
- Compare prior accounting estimates with subsequent results to assess the reliability of the process used to develop estimates;
- Consider whether the resulting accounting estimates are consistent with the operational plans of the University; and
- Determine that the accounting estimate is presented in conformity with applicable accounting principles and properly disclosed.

University Response

The University agrees with the finding. The University will develop a process to evaluate the reasonableness of the accounting estimate.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - Federal Compliance

There were no federal compliance findings noted for the year ended June 30, 2010.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - State Compliance

Finding No. 10-3 - Employee Time Sheets Were Not Adequate

The University did not require all employees to submit timesheets as required by the State Officials and Employees Ethics Act (Act).

Administrative, professional, and faculty employees are required to submit time reports. In FY 2008, the University implemented a system for all administrative and professional employees to submit time sheets. However, the faculty employee's time is reported using a negative reporting method whereby the employee is assumed to be working unless noted otherwise. The time report lists minimum contracted hours and the employee indicates time away from the office for vacation, sick or other types of leave. In FY 2010, the University developed and started implementing an electronic time record system to allow positive timekeeping for faculty. The system is anticipated to be fully implemented in FY 2011. The University had 873 faculty employees in FY 2010, which represents 39% of the total University employees.

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's policies.

University management stated that there is no policy in place to require positive timekeeping for faculty employees.

Failure to follow the time reporting requirements of the Act for all employees results in noncompliance with the statute and a lack of accountability for faculty. (Finding Code Nos. 10-3, 09-3, 08-2, 07-3, 06-1, 05-2)

Recommendation

We recommend the University implement procedures to ensure all employees submit time sheets as required by the Act.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - State Compliance (Continued)

Finding No. 10-3 - Employee Time Sheets Were Not Adequate (Continued)

University Response

The University agrees with the finding. A comprehensive plan was developed to require employees to comply with positive time keeping. A phased approach has been used to become compliant. The final technology for faculty was developed in the spring 2010, and they were provided training during the summer and shortly after the fall semester began. As of the first day of the 2010-11 academic year (August 18, 2010), all employees are required to fill out and submit a timecard reflecting the time spent each day on official State business. The frequency for submission varies by employee type with the longest period being monthly.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - State Compliance (Continued)

Finding No. 10-4 - Noncompliance With Required Contracting Procedures

The University had not established adequate internal controls over contracts and leases to ensure they contained all necessary provisions and were properly executed prior to performance.

During our review of real estate leases and contracts executed during the year ended June 30, 2010, we noted the following:

- One of three (33%) real estate lease disclosure forms tested was completed 83 days after the lease execution date. The real property lease is an office space rental renewal agreement at a yearly rate of \$2,700.
- Two of three (67%) leases tested were executed after the lease term began. The lease execution dates ranged from 16 days to 76 days after the beginning of the lease term. These real property leases pertained to renewal of land and office rental agreements at a yearly rate of \$7,800 and \$2,700.
- Three of 40 (8%) contracts tested were not executed prior to performance of the contract. These contracts pertain to procurement of textbooks and were executed 27 days after the beginning of the contract start date. The contract amounts ranged from \$505,000 to \$900,000. Textbooks totaling \$399,207 were purchased in FY 2010 before the contracts were signed.
- Three of 9 (33%) large contracts tested did not include a “Memorandum of Approval” as required, signed by all three of the University President, Legal Counsel and Vice President for Administrative Services (VPAS) as required. Instead, these contracts were approved by the Vice President of Student Services, the VPAS and the President, and the Assistant VPAS and the President, respectively. These contracts pertained to procurement of textbooks, insurance and construction services in which contract amounts ranged from \$260,000 to \$1,683,000.
- Two of 40 (5%) contracts tested were not filed with the Illinois Office of the Comptroller. These contracts pertained to professional and artistic service agreements and amounted to \$25,420 and \$35,000.

Disclosure of the identity of owners and trust beneficiaries required by the Public Officer Prohibited Activities Act (50 ILCS 105/3.1) must be completed in writing prior to the agency entering a lease.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - State Compliance (Continued)

Finding No. 10-4 - Noncompliance With Required Contracting Procedures (Continued)

The Contract Procedures of the University Policy Manual states that contracts must be submitted for signature prior to the effective date of the agreement. Good business practice requires all contracts and leases to be fully executed prior to the beginning of the lease term or the commencement of services.

The State Finance Act (30 ILCS 105/9.02) states that any new contract, contract renewal, order against a master contract, or any contract amendment of \$250,000 or more in a fiscal year, shall be signed or approved in writing by the agency's chief executive officer, chief legal counsel and chief fiscal officer.

The Illinois Procurement Code (30 ILCS 500/20-80) states when a contract liability exceeding \$10,000 is incurred by any State agency, a copy of the contract, purchase order, grant, or lease shall be filed with the Comptroller within 15 days after execution.

University management stated that the delay in completion of the disclosure form and untimely execution of contracts/lease were due to late submission by the using department and the lessor/vendor. Large contracts not signed by top management and non-filing of contracts were due to oversight.

Failure to complete real estate disclosure forms prior to the University entering the lease results in noncompliance with the Public Officers Prohibited Activities Act and increases the risk that a potential conflict of interest may not be detected timely. In addition, failure to fully execute a contract or real estate lease prior to the commencement of services or lease term leaves the University vulnerable to unnecessary liabilities and potential legal issues. Further, failure to include all appropriate signatures in contracts and leases and untimely filing of contracts with the State Comptroller's Office results in noncompliance with State statutes and reduced accountability. (Finding Code No. 10-4)

Recommendation

We recommend the University establish appropriate procedures to ensure that all contracts and leases and related disclosure forms are properly completed, approved and executed prior to the start of the services or lease terms. The University should also review its procedures to ensure contracts over \$10,000 are timely filed with the Comptroller's Office.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - State Compliance (Continued)

Finding No. 10-4 - Noncompliance With Required Contracting Procedures (Continued)

University Response

The University agrees with the finding. Procedures have been put in place to ensure compliance with obtaining a “Memorandum of Approval” when needed. Procedures will be developed to ensure that contracts are filed with the Comptroller in a timely manner. Failure to have a contract in place prior to the beginning of services for both the leases and the textbooks usually is a result of a failure by the vendor to complete the required certifications in a timely manner. Departments have been advised that acquisition of services or goods cannot begin before the orders have been formally awarded.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - State Compliance (Continued)

Finding No. 10-5 - Untimely Approval and Payment of Vouchers

The University did not timely process vouchers and pay required interest.

We tested 118 vouchers from State appropriated funds totaling \$1,246,091 and noted the following:

- The University did not approve for payment vendor interest charges totaling \$765 on 18 of 18 (100%) vouchers tested where interest charges were required to be automatically calculated and paid by the University. In these instances, the invoices were not paid by the Illinois Office of the Comptroller within 60 days of receipt.
- Three of 118 (3%) vouchers tested totaling \$3,434 were approved for payment 6 to 14 days late.
- Fourteen of 118 (12%) vouchers tested totaling \$18,604 were not stamped received by the requesting department. In these cases, invoice date was used to determine timely payment.

The Illinois Administrative Code (74 Ill. Adm. Code 900.70 and 900.90), in accordance with the State Prompt Payment Act (30 ILCS 540/3-2), requires the University to review each vendor's invoice and either deny the bill in whole or in part, ask for more information necessary to review the bill; or approve the voucher in whole or in part, within 30 days after the receipt of the bill. The University is responsible for calculating and paying interest and is to do so within a reasonable time frame. Interest amounting to \$5 but less than \$50 must be requested by the vendor prior to August 18, 2009. Starting August 18, 2009, P.A. 96-555 required that all interest for all amounts must be paid to vendors. In addition, the State Prompt Payment Act (30 ILCS 540/3-2) requires State agencies to determine whether interest is due and to automatically pay the interest to the appropriate vendor when payment is not issued within 60 days after receipt of a proper bill. Interest due to a vendor that amounts to less than \$50 shall not be paid but shall be accrued until all interest due the vendor for all similar warrants exceeds \$50, at which time the accrued interest shall be payable and interest will begin accruing again, except that interest accrued as of the end of the fiscal year that does not exceed \$50 shall be payable at that time.

The Illinois Administrative Code (74 Ill. Adm. Code 900.30) requires the University to maintain written or electronic records reflecting the date or dates on which the proper bill was received and approval for payment of the bill was made.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - State Compliance (Continued)

Finding No. 10-5 - Untimely Approval and Payment of Vouchers (Continued)

University management stated that the majority of the voucher approvals were submitted to the Comptroller within 30 days. Payment was delayed at the Comptroller's Office. Due to the bulk of the vouchers being processed by the University, the tracking of the dates on which the Comptroller's Office issued the warrant for each voucher processed is not being performed. Due to the absence of tracking procedures in identifying late voucher payments, the University did not compute and pay interest due to vendors. In addition, vouchers were approved late due to departments not submitting documentation timely and unresolved issues with vendors. University departments were not required to date stamp invoices when received.

Late approval of vouchers, failure to approve payment of required interest, and inadequate documentation of invoice receipt and voucher payment date result in noncompliance with the Illinois Administrative Code and State Prompt Payment Act. Untimely processing and approval of vouchers may result in the University incurring unnecessary interest charges. (Finding Code Nos. 10-5 and 09-5)

Recommendation

We recommend the University strengthen its controls over voucher processing to ensure documentation of invoice receipt and voucher payment date and timely approval of vouchers, including interest as required.

University Response

The University agrees with the finding. The University is not calculating and vouchering interest on late payments in accordance with the law. The University does not agree that it should be responsible for the calculation and payment of vouchers for interest as it is the Illinois Office of the Comptroller who is responsible for the late payments. The University complied with the only portion of the law under its control after the General Assembly formally approved the University's appropriations. Three of 118 vouchers cited above were approved outside the 30-day window allotted to the University by law. It is likely that no interest would have been due to vendors had the Comptroller's Office paid invoice vouchers timely. The University believes it is inappropriate to impose interest penalties for processes that are outside its control. Furthermore, it is the University's belief that the original intent of the law was to ensure that State agencies make payments to vendors in a timely manner. It appears that the law has had the undesirable effect of penalizing State agencies for the State's cash flow crisis. The importance of documenting invoice receipt dates will be communicated to the campus community.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - State Compliance (Continued)

Finding No. 10-6 - Weaknesses Regarding the Security and Control of Confidential Information

Even though the University had experienced breaches in prior audit periods, it continued to have weaknesses in regards to the security and control of confidential information.

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

During the audit period, the University performed security scans and identified multiple instances of vulnerable (clear text) personal information on its network. In four cases, the University classified these instances as potential security breaches and implemented reporting requirements as outlined in the Personal Information Protection Act (815 ILCS 530).

The University had not performed a comprehensive risk assessment to identify all forms of confidential or personal information to ensure such information is protected from unauthorized disclosure. Although the University had initiated steps to perform security scan assessments of its computer resources, we found the scans were only performed on computer resources having access to the University's network. In addition, while attempting to identify social security and credit card information on University workstations, the scans alone did not address confidential information in hardcopy form or media, including information maintained outside information systems span of control. The Personal Information Protection Act requires that entities identify and protect all nonpublic personal information.

The University had not ensured all confidential information was adequately secured (encryption and/or redaction are acceptable methods). For example, we found the disk encryption software was not installed on all laptop computers or on mainframe resources, including backup media.

University personnel stated the concentration for securing data has been on electronic data because they concluded this is where the higher risks are found.

The University has the responsibility to ensure that confidential information is protected from accidental or unauthorized disclosure. Effective controls help minimize the potential impact and costs resulting from identity thefts. (Finding Code No. 10-6)

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Current Findings - State Compliance (Continued)

Finding No. 10-6 - Weaknesses Regarding the Security and Control of Confidential Information (Continued)

Recommendation

We recommend the University perform a comprehensive risk assessment to identify all forms of confidential or personal information (electronic and hardcopy form) and ensure adequate security controls, including adequate physical and logical access restrictions, have been established to safeguard data and resources. In addition, the University should ensure confidential information is adequately secured with methods such as encryption or redaction.

University Response

The University agrees with the finding. In FY 2010, Western Illinois University approved policies for the protection of sensitive data in compliance with the Identity Protection Act for the State of Illinois. These policies have been published to our web-site. Beginning in January 2011, we will begin providing enhanced sensitive data handling training as required by Identity Protection Act. Since August 2009, WIU has embarked on a risk assessment of University computers with the intent of reducing the likelihood of sensitive data leakage by eliminating or protecting sensitive data on University computers. This program has discovered and eliminated over 4.1 million social security numbers and over 63,000 credit card numbers from University computers. We are looking to expand the risk assessment for sensitive data beyond University computers to include servers, databases, email, removable media and paper (reports, forms, printouts, mailings, etc). The University has formed a committee, with participation from all vice presidential areas and campuses, to expand the risk assessment aspect of compliance.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Prior Findings Not Repeated

A. Inaccurate Reporting of Student Data

In the prior examination, the University did not accurately report student data such as withdrawal date information, student's verification status, and Pell disbursement dates to the National Student Loan Data System (NSLDS) and the Common Origination and Disbursement (COD) system as required in the administration of Federal Title IV programs. (Finding Code No. 09-1)

Status: Not repeated

In the current examination, the University correctly reported required student data to the NSLDS and COD systems.

B. Inadequate Grant Reporting Procedures

In the prior examination, the University did not have adequate reporting procedures for one of the grants under the Adult Education State grant program passed through from the Illinois Community College Board (ICCB):

- Total expenditures reported in the narrative report did not agree with the expenditures per University records.
- Receivables from the sale of ICCB approved adult education materials totaling \$42,027 were not recorded in the University's books. (Finding Code No. 09-2)

Status: Not repeated

In the current examination, the University accurately reported and adequately supported grant program reports submitted to ICCB under the Adult Education grant.

C. Inadequate Compliance with Board of Higher Education Act

In the prior examination, the University did not seek the approval of the Illinois Board of Higher Education (IBHE) for the remodeling of the Bookstore or for the net excess cost of approximately \$2.1 million on the Student Recreation Center capital improvements, prior to making final commitments on the project. (Finding Code No. 09-4)

Status: Not repeated

In the current examination, capital improvement plans for 3 non-instructional facilities tested were approved by IBHE prior to making final commitments to the projects. Further, the projects tested did not incur any cost overruns.

**State of Illinois
Western Illinois University
Supplementary Information for State Compliance Purposes
For the Year Ended June 30, 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 Schedule of Expenditures of Federal Awards
 - Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Changes in State Property
 - Comparative Schedule of Income Fund Revenues and Expenditures
 - Comparative Schedule of Cash, Cash Equivalents and Investments at Fair Value
 - Analysis of Significant Variations in Account Balances
 - Analysis of Significant Variations in Operating and Nonoperating Revenues and Expenses
 - Analysis of Significant Lapse Period Spending
 - Analysis of Accounts Receivable
 - Summary of Indirect Cost Reimbursements:
 - Statement of Sources and Applications
 - Calculation Sheet for Indirect Cost Carry-Forward
 - Calculation of Current Excess Funds
 - Current Funds, Unrestricted, Other:
 - Balance Sheet by Entity
 - Statement of Revenues, Expenditures and Changes in Fund Balances by Entity
 - Auxiliary Enterprises and Activities, Financial Statements by Functional Entity
 - Auxiliary Enterprise Funds - Other:
 - Balance Sheet by Entity
 - Statement of Revenues, Expenditures and Changes in Fund Balances by Entity
 - Auxiliary Enterprise Funds - Revenue Bonds:
 - Balance Sheet by Entity
 - Statement of Revenues, Expenditures and Changes in Fund Balances by Entity
 - Plant Funds Statement of Changes in Fund Balances by Entity

**State of Illinois
Western Illinois University
Supplementary Information for State Compliance Purposes
For the Year Ended June 30, 2010**

Summary (Continued)

- Analysis of Operations
 - University Functions and Planning Program
 - Employment Statistics - Full-Time Equivalent (Unaudited)
 - Service Efforts and Accomplishments - Enrollment Statistics (Unaudited)
 - Schedule of Unrestricted Current Funds General Expenditures Per Full-Time Equivalent Student as Reported to the Illinois Board of Higher Education (Unaudited)
 - Comments on the Percentage of Total Expenditures Represented by Administrative Costs
 - Comments on Certain Matters Pertaining to the University Guidelines
 - Summary of Western Illinois University Foundation Payments to the University
 - Analysis of Bookstore Operations (Unaudited)
 - University Accounting Entities and Related Sources of Revenues and Purposes
 - Schedules of Federal Expenditures, Nonfederal Expenses, and New Loans
 - Undergraduate Tuition and Fee Waivers (Unaudited)
 - Graduate Tuition and Fee Waivers (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states 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
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Period Ending June 30, 2010

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2010 Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER:			
<u>DEPARTMENT OF EDUCATION</u>			
Federal Supplemental Education Opportunity Grants	(M) 84.007	P007A091313	\$ 475,342
Federal Family Education Loans	(M) 84.032	P268K101391	67,222,256
Federal Work-Study Program	(M) 84.033	P033A091313	511,418
ARRA - Federal Work-Study Program	(M) 84.033	P033A091313	88,659
Federal Perkins Loan Program	(M) 84.038	P038A071313	2,392,939
Federal Pell Grant Program			
<i>Federal Pell - 2007-2008</i>	(M) 84.063	P063P071391	(2,960)
<i>Federal Pell - 2008-2009</i>	(M) 84.063	P063P081391	16,044
<i>Federal Pell - 2009-2010</i>	(M) 84.063	P063P091391	14,280,414
Federal Direct Student Loans	(M) 84.268	P268K101391	1,200,539
Academic Competitiveness Grants (ACG)			
<i>ACG - 2008-2009</i>	(M) 84.375	P375A081391	1,400
<i>ACG - 2009-2010</i>	(M) 84.375	P375A091391	451,796
National Science and Mathematics Access to Retain Talent (SMART) Grants	(M) 84.376	P376S091391	195,833
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	(M) 84.379	P379T101391	105,500
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			<u>\$ 86,939,180</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
<u>DEPARTMENT OF AGRICULTURE</u>			
Agricultural Research_Basic and Applied Research <i>Cuphea Development II</i>	(M) 10.001	583620-6-105	\$ 84
Sustainable Agriculture Research Education Passed-Through University of Minnesota <i>Alternative Oilseeds for Sustainable, High-Quality Biodiesel</i>	(M) 10.215	H408626311	18,621
Agriculture and Food Research Initiative (AFRI) <i>Undergraduate Training & Research in Plant Breeding</i>	(M) 10.310	2010-85117-20535	55,487
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 74,192</u>
<u>DEPARTMENT OF INTERIOR</u>			
Research Grants (Generic)			
<i>Genetic Relationships of Decurrent False Aster</i>	(M) 15.650	301818G092	\$ 1,755
<i>Seed Bank Composition</i>	(M) 15.650	301819J146	4,719
			<u>6,474</u>
National Cooperative Geologic Mapping Program <i>Mapping of Late Neogene & Younger Sediments, Overton, NV</i>	(M) 15.810	G09AC00117	2,868
TOTAL DEPARTMENT OF INTERIOR			<u>\$ 9,342</u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
Geosciences <i>Biogenic Cave Carbonates</i>	(M) 47.050	EAR-0719710	\$ 23,571

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Period Ending June 30, 2010

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2010 Expenditures
Computer and Information Science and Engineering			
<i>Cyber Trust CT</i>	(M) 47.070	CNS-0757210	2,042
<i>NeTS: Small: Collaborative Research: Secure and Resilient Channel Allocation in Multi-Radio Wireless Networks</i>	(M) 47.070	CNS-0916000	22,403
			<u>24,445</u>
Biological Sciences			
<i>RUI: Deciphering Plant-Herbivore Interactions</i>	(M) 47.074	DBI-0820367	90,523
<i>Dynamics of Plant - Soil Feedbacks in Changing Environments</i>	(M) 47.074	DEB-0919510	36,105
			<u>126,628</u>
Social, Behavioral, and Economic Sciences			
<i>SGER: Resiliency of Agricultural Communities After the 2008 Mississippi Floods</i>	(M) 47.075	BCS-0900891	15,222
Trans-NSF Recovery Act Research Support			
<i>ARRA - RUI: Selective Oxidative Transformations Using Water-Soluble Hypervalent Iodine Reagents</i>	(M) 47.082	CHE-0910565	68,644
<i>ARRA - TC: Medium: Collaborative Research: Towards Self-Protecting Data Centers: A Systematic Approach</i>	(M) 47.082	CNS-0905153	65,414
			<u>134,058</u>
TOTAL NATIONAL SCIENCE FOUNDATION			\$ 323,924
DEPARTMENT OF EDUCATION			
National Institute on Disability and Rehabilitation Research Passed-Through University of Illinois Chicago <i>College & Community Fitness Facility Accessibility Research</i>	(M) 84.133E	H133E070029	\$ 41,659
TOTAL DEPARTMENT OF EDUCATION			\$ 41,659
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Cancer Treatment Research			
<i>AREA Synthesis and Evaluation</i>	(M) 93.395	R15CA086933	\$ 92,497
<i>Phenoxazines Inhibition</i>	(M) 93.395	1R15CA115404	13,068
			<u>105,565</u>
ARRA - Trans-NIH Recovery Act Research Support <i>AREA Synthesis & Evaluation Summer Research Experience</i>	(M) 93.701	3R15CA086933-04A2S1	57,733
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 163,298
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			\$ 612,415
STATE FISCAL STABILIZATION FUND CLUSTER:			
DEPARTMENT OF EDUCATION			
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act Passed through State of Illinois <i>Education Stabilization Fund</i>	(M) 84.394	0001-62887-11209800	\$ 1,508,588
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act Passed through State of Illinois <i>Government Services Fund</i>	(M) 84.397	0001-62887-11209900	2,019,892
TOTAL DEPARTMENT OF EDUCATION			\$ 3,528,480
TOTAL STATE FISCAL STABILIZATION FUND CLUSTER			\$ 3,528,480

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Period Ending June 30, 2010

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2010 Expenditures
OTHER PROGRAMS:			
<u>DEPARTMENT OF AGRICULTURE</u>			
Rural Community Development Initiative			
<i>Rural Community Development Initiative - Housing</i>	10.446	13-055-0370910458	\$ 70,144
<i>Rural Community Development Initiative - Entrepreneurship</i>	10.446	13-055-0370910458	42,630
			<u>112,774</u>
Rural Cooperative Development Grants			
<i>Building Rural Communities through Joint Ventures in Illinois</i>	10.771	13-055-370910458-06	<u>110,517</u>
TOTAL DEPARTMENT OF AGRICULTURE			\$ 223,291
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Community Development Block Grants/Brownfields Economic Development Initiative			
<i>Quad City HUD Construction and Renovation</i>	(M) 14.246	B-04-NO-IL-0908, B-05-SPIL-0787, and B-06-SPIL-0296	\$ 303,031
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ 303,031
<u>DEPARTMENT OF JUSTICE</u>			
Violence Against Women Formula Grants			
Passed-Through Illinois Attorney General			
<i>Illinois Sexual Assault Nurse Examiner (SANE) Online Training</i>	16.588	None	\$ 96,564
The Community-Defined Solutions to Violence Against Women Grant Program			
Passed-Through Illinois State's Attorney Appellate Prosecutor's Office			
<i>Grant to Encourage Arrest Policies & Enforcement of Protection Orders Program</i>	16.590	None	<u>70,279</u>
Enforcing Underage Drinking Laws Program			
Passed-Through Eastern Illinois University			
<i>IDHS EUDL FY10</i>	16.727	2009-05	<u>14,325</u>
TOTAL DEPARTMENT OF JUSTICE			\$ 181,168
<u>DEPARTMENT OF LABOR</u>			
Incentive Grants - WIA Section 503			
Passed-Through Illinois Community College Board			
<i>Career and Academic Readiness System</i>	17.267	CARS 02	\$ 135,193
<i>Transitions & Pathway Development Training</i>	17.267	WIASCN01	<u>24,591</u>
TOTAL DEPARTMENT OF LABOR			\$ 159,784
<u>DEPARTMENT OF TRANSPORTATION</u>			
Formula Grants for Other Than Urbanized Areas			
Passed-Through Illinois Department of Transportation			
<i>Rural Transit Assistance Center</i>	20.509	DOT05-DPT-01	\$ 73,750
<i>Rural Transit Assistance Center</i>	20.509	IL-1818X026	280,921
<i>Interagency Coordinating Council on Transportation</i>	20.509	IL-1818X025	116,913
<i>Program Coordination & Monitoring to Assist with the Development & Implementation of ARRA Funded Capital Projects</i>	20.509	IL-1818X025	<u>59,020</u>
TOTAL DEPARTMENT OF TRANSPORTATION			\$ 530,604

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Period Ending June 30, 2010

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2010 Expenditures
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>			
Promotion of the Humanities_Public Programs <i>Lincoln: The Constitution and the Civil War</i>	45.164	LL-50015-09	\$ 458
TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			\$ 458
<u>NATIONAL SCIENCE FOUNDATION</u>			
Education and Human Resources <i>Incorporating Usable Security Concepts into Computer Science Curriculum</i>	47.076	DUE-0736643	\$ 30,594
TOTAL NATIONAL SCIENCE FOUNDATION			\$ 30,594
<u>SMALL BUSINESS ADMINISTRATION</u>			
Small Business Development Centers Passed-Through Illinois Department of Commerce & Economic Opportunity <i>SBDC Disaster Assistance</i>	59.037	09-182106	\$ 53,724
TOTAL SMALL BUSINESS ADMINISTRATION			\$ 53,724
<u>DEPARTMENT OF EDUCATION</u>			
Undergraduate International Studies and Foreign Language Programs <i>Introducing an International Studies Major & Advanced Chinese Language Instruction</i>	84.016A	P016A070027	\$ 36,249
Fund for the Improvement of Postsecondary Education <i>Transatlantic Dual Degree Program</i>	(M) 84.116J	P116J060007	151,811
Passed-Through University of Vermont <i>Tri-National Competencies Across Borders and Corporate Social Responsibility Program</i>	(M) 84.116	GN88-17389	34,553
Passed-Through Western Kentucky University <i>Alliance to Enhance Entrepreneurial Impact to Stimulate Economic Growth among Underserved Groups in N. America</i>	(M) 84.116N	WKURF 524549-09-01	9,816
Passed-Through Northern Michigan University <i>A Brazilian and U.S. Partnership for People, Planet & Profits: Fostering Socially, Environmentally, & Economically Sustainable Entrepreneurship</i>	(M) 84.116M	P116M08005	4,312
Passed-Through DePaul University <i>ACTIVE: Atlantis Collaborative Team Interaction Virtual Environment</i>	(M) 84.116	500665SG056	12,443
			<u>212,935</u>
Bilingual Education - Professional Development <i>Project Estrella</i>	84.195N	T195N070388	<u>289,417</u>
Improving Teacher Quality State Grants Passed-Through Illinois Board of Higher Education <i>Math & Science Teachers Training Teachers to Teach M+ST(4)</i>	(M) 84.367	09NCLB4	72,859
<i>Developing Successful Professional Development Schools - 2008</i>	(M) 84.367B	08NCLB4	105,957
			<u>178,816</u>
Adult Education - Basic Grants to States Passed-Through Illinois Community College Board <i>Central Illinois Adult Education Service Center - 2010</i>	(M) 84.002	AEL10006	361,506
<i>GED Illinois Online - 2010</i>	(M) 84.002A	AEL10008	244,184
<i>Data and Information System Illinois (DAISI)</i>	(M) 84.002A	AEL10007	180,664
<i>ICCB - Curriculum Publications Clearinghouse - 2010</i>	(M) 84.002A	AEL10002	115,447
			<u>901,801</u>

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Period Ending June 30, 2010

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2010 Expenditures
Special Education_Preschool Grants			
Passed-Through Illinois State Board of Education			
<i>Illinois Starnet - 2009</i>	84.173	09-4605-00-26-062-5440-51	233
<i>Illinois Starnet - 2010</i>	84.173	10-4605-00-26-062-5440-51	976,920
			<u>977,153</u>
Reading First State Grants			
Passed-Through Illinois State Board of Education			
<i>Illinois Reading First Principal Academy</i>	84.357	MY09438	9,520
Fund for the Improvement of Education			
Passed-Through Regional Office of Education			
<i>Disseminating Traditional American History to Teachers</i>	84.215X	U215X080056	32,056
TOTAL DEPARTMENT OF EDUCATION			\$ 2,637,947
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
State Rural Hospital Flexibility Program			
Passed-Through Illinois Department of Public Health			
<i>Health Education Module</i>	93.241	1787A	\$ 20,000
Temporary Assistance for Needy Families			
Passed-Through Illinois Department of Human Services			
<i>Low Income Degree Scholarship Program 08-09</i>	93.558	K81XK967TS1	13,603
<i>Low Income Degree Scholarship Program 09-10</i>	93.558	81X6967000	549,180
			<u>562,783</u>
Medical Library Assistance			
Passed-Through University of Illinois - Chicago			
<i>Building the Future with Community Health Information</i>	93.879	N01-LM-6-3503	16,627
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			\$ 599,410
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Volunteers in Service to America			
<i>Community Outreach Support</i>	94.013	06VSNIL111	\$ 17,202
AmeriCorps			
Passed-Through Illinois Department of Human Services			
<i>AmeriCorps Project 06-09</i>	(M) 94.006	811G7805153	60,228
<i>AmeriCorps Project 09-12</i>	(M) 94.006	11GL679000	74,760
<i>ARRA - AmeriCorps Volunteer Project</i>	(M) 94.006	11GK920000	19,656
			<u>154,644</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 171,846
DEPARTMENT OF HOMELAND SECURITY			
Homeland Security Grant Program			
Passed-Through Illinois Law Enforcement Training and Standards Board			
<i>Homeland Security Federal Fiscal Year 07 Funds</i>	(M) 97.067	None	\$ 29,782
<i>Homeland Security Federal Fiscal Year 08 Funds</i>	(M) 97.067	None	239,337
<i>Homeland Security Federal Fiscal Year 09 Funds</i>	(M) 97.067	None	45,858
			<u>314,977</u>

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Period Ending June 30, 2010

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2010 Expenditures
Degrees at a Distance Program			
<i>Degrees at a Distance Year 7</i>	97.103	EMW-2008-CA-1029	74
<i>Degrees at a Distance Year 8</i>	97.103	2009-RB-63-K145	8,191
			<u>8,265</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			\$ 323,242
<u>UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT</u>			
USAID Development Partnerships for University Cooperation and Development Passed-Through Association Liaison Office <i>Capacity Building in Southern Mexico - Phase II TIES Initiative</i>	98.012	None	\$ 17,069
TOTAL UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT			\$ 17,069
TOTAL OTHER PROGRAMS			\$ 5,232,168
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 96,312,243

(M) - Program was audited as a major program.

**State of Illinois
Western Illinois University
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010**

NOTE 1 - BACKGROUND

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the University. The Schedule includes all federal awards received directly from federal agencies as well as federal financial awards passed through other agencies.

Summary of Significant Accounting Policies - Basis of Presentation

The schedule includes the federal awards activity of the University 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - STUDENT LOAN PROGRAM ADMINISTERED BY THE UNIVERSITY

The University administered the following federal loan program during the year ended June 30, 2010:

Perkins Loan Program CFDA No. 84.038

Outstanding balance, July 1, 2009	<u>\$ 1,802,383</u>
Additions:	
Interest income	76,136
Contributions - miscellaneous adjustment	35,060
Total additions	<u>111,196</u>
Deductions:	
Loans cancelled or written-off	35,979
Allowance for uncollectible adjustment	(98,100)
Administrative charges	67,083
Collection agency fees, net	120
Litigation costs	34,866
Total deductions	<u>39,948</u>
Outstanding balance, June 30, 2010	<u>\$ 1,873,631</u>

State of Illinois
Western Illinois University
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

NOTE 3 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the University provided Federal awards in the amount of \$103,909 to subrecipients in 2010 as follows:

<u>Grant/Program Title</u>	<u>CFDA Number</u>	<u>Reference Number</u>	<u>Provided To Subrecipients</u>
Rural Community Development Initiative	10.446	13-055-0370910458	\$ 1,675
Biological Sciences	47.074	DEB-0919510	19,586
Fund for the Improvement of Postsecondary Education	84.116J	P116J060007 811G7805153 and	60,048
AmeriCorps	94.006	11GL679000	22,600
Total			<u>\$ 103,909</u>

State of Illinois
Western Illinois University
Schedule of Net Appropriations, Expenditures and Lapsed Balances
Fourteen Months Ended August 31, 2010

	Appropriations Net of Transfers	Expenditures Through June 30, 2010 (b)	Approximate Lapse Period Expenditures July 1 - August 31 (c)	Approximate Total Expenditures August 31, 2010 (c)	Approximate Balances Lapsed August 31, 2010 (c)
Public Act No. 96-0114					
GENERAL REVENUE FUND (001) (a)					
Personal services	\$ 53,863,679	\$ 53,863,659	\$ -	\$ 53,863,659	\$ 20
FICA/Medicare	2,348,573	2,348,573	-	2,348,573	-
Retirement	11,614	11,614	-	11,614	-
Contractual services	3,056,850	3,056,850	-	3,056,850	-
Travel	74,985	74,985	-	74,985	-
Commodities	322,004	322,004	-	322,004	-
Library books and equipment	13,316	13,316	-	13,316	-
Operation of automotive equipment	4,359	4,359	-	4,359	-
Telecommunications	183,020	183,020	-	183,020	-
Permanent improvements	41,200	41,200	-	41,200	-
	<u>59,919,600</u>	<u>59,919,580</u>	<u>-</u>	<u>59,919,580</u>	<u>20</u>
STATE COLLEGES & UNIVERSITIES TRUST FUND (417) (a)					
Scholarships - license plates	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
TOTALS	<u><u>\$ 59,929,600</u></u>	<u><u>\$ 59,929,580</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 59,929,580</u></u>	<u><u>\$ 20</u></u>

Notes:

(a) The information reflected in this schedule was taken from University's records and has been reconciled to the State Comptroller's records.

(b) Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to vendors.

(c) Approximate lapse period expenditures do not include interest payments approved for payment by the University and submitted to the Comptroller for payment after August.

State of Illinois
Western Illinois University
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
For the Years Ended June 30, 2010 and 2009

	Fiscal Years	
	2010 P.A. 96-0114 (b)	2009 P.A. 95-0734
GENERAL REVENUE FUND (001) (a)		
Appropriations (net of transfers)	\$ 59,919,600	\$ 59,919,600
Expenditures		
Personal services	53,863,659	51,857,620
FICA/Medicare	2,348,573	2,191,000
Retirement	11,614	-
Contractual services	3,056,850	3,109,795
Travel	74,985	-
Commodities	322,004	474,670
Library books and equipment	13,316	563,114
Operation of automotive equipment	4,359	-
Telecommunications	183,020	225,389
Permanent improvements	41,200	-
Total expenditures	<u>59,919,580</u>	<u>58,421,588</u>
Lapsed balances	<u>\$ 20</u>	<u>\$ 1,498,012 *</u>
STATE COLLEGES AND UNIVERSITY TRUST (417) (a)		
Appropriations (net of transfers)	\$ 10,000	\$ 10,000
Expenditures		
Scholarships	10,000	10,000
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
GRAND TOTAL, ALL FUNDS		
Total appropriations (net of transfers)	\$ 59,929,600	\$ 59,929,600
Total expenditures	<u>59,929,580</u>	<u>58,431,588</u>
Total lapsed balances	<u>\$ 20</u>	<u>\$ 1,498,012 *</u>

* During FY 2009, the University was requested to rescind \$1,497,990 (2.5%) of its general revenue appropriations by the Governor's Office of Management and Budget through the Illinois Board of Higher Education (IBHE). The University did not have the authority to expend the \$1,497,990 nor did the University receive the funds as fiscal year 2009 general revenue appropriations at a later date.

Notes:

- (a) The information reflected in this schedule was taken from University's records and has been reconciled to the State Comptroller's records.
- (b) Expenditures and related lapsed balances do not reflect any interest payments approved for payment by the University and submitted to the Comptroller for payment after August.

**State of Illinois
Western Illinois University
Schedule of Changes in State Property
For the Year Ended June 30, 2010**

	Balance July 1, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
Non-depreciable capital assets:					
Land and land improvements	\$ 3,221,432	\$ -	\$ -	\$ -	\$ 3,221,432
Works of art and historical treasures	471,569	-	-	-	471,569
Construction in progress	9,449,383	9,442,526	-	(3,176,858)	15,715,051
Total non-depreciable capital assets	13,142,384	9,442,526	-	(3,176,858)	19,408,052
Depreciable capital assets:					
Site improvements	28,059,420	113,511	-	465,216	28,638,147
Buildings and building improvements	229,959,728	509,600	-	2,711,642	233,180,970
Equipment	70,269,980	4,097,152	(651,408)	20,921	73,736,645
Capital lease - equipment	20,921	-	-	(20,921)	-
Total depreciable capital assets	328,310,049	4,720,263	(651,408)	3,176,858	335,555,762
Less accumulated depreciation	(189,618,220)	(12,028,824)	617,334	-	(201,029,710)
Total depreciable capital assets, net	138,691,829	(7,308,561)	(34,074)	3,176,858	134,526,052
Capital assets, net	\$ 151,834,213	\$ 2,133,965	\$ (34,074)	\$ -	\$ 153,934,104

Note: Data for this schedule included all accounting entities and was obtained from University records which have been reconciled to the basic financial statements and to the property records submitted to the Office of the Comptroller.

State of Illinois
Western Illinois University
Comparative Schedule of Income Fund Revenues and Expenditures
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
INCOME FUND		
REVENUES		
Registration fees	\$ 64,416,489	\$ 62,318,906
Other student charges	868,939	661,528
Fines	10,772	11,910
Finance charges	354,212	341,807
Interest	38,078	313,064
Extension	4,689,894	3,633,332
Other	297,059	342,333
Tuition and fees waived, faculty and staff	(3,919,221)	(3,737,702)
Tuition and fees waived, students	(3,726,638)	(3,382,397)
	<u>63,029,584</u>	<u>60,502,781</u>
EXPENDITURES		
Personal services	43,743,280	42,098,339
Contractual services	6,816,876	7,834,828
Travel	867,603	1,211,794
Commodities	1,277,014	1,422,613
Library books and equipment	2,185,866	2,560,199
Operation of automotive equipment	155,816	159,625
Telecommunications	303,054	295,601
Awards, grants, and matching funds	1,042,340	911,717
FICA/Medicare	598,779	686,906
Permanent improvements	238,121	307,709
Employment security	20,528	17,917
	<u>57,249,277</u>	<u>57,507,248</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 5,780,307</u>	<u>\$ 2,995,533</u>

State of Illinois
Western Illinois University
Comparative Schedule of Cash, Cash Equivalents and Investments at Fair Value
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents		
Cash on hand	\$ 80,684	\$ 65,411
Checking accounts		
Morton Community Bank (non-interest bearing)	237,786	-
First Bankers Trust Co. (non-interest bearing)	-	693,872
US Bank Trust (2010, not applicable; 2009, 0.802%)	-	53
Illinois Funds (2010, 0.129%; 2009, 0.886%)	40,570,412	39,366,023
Certificates of deposit		
Morton Community Bank (2010, 0.700%; 2009, not applicable)	3,000,000	-
First Midwest Bank (2010, not applicable; 2009, 0.750%)	-	4,035,814
Total cash and cash equivalents	<u>43,888,882</u>	<u>44,161,173</u>
Investments		
Certificates of deposit		
Morton Community Bank (2010, 1.000-1.250%; 2009, not applicable)	7,000,000	-
First Bankers Trust Co. (2010, 0.650-0.750%; 2009, 1.100-1.500%)	3,000,205	2,003,082
First State Bank (2010, not applicable; 2009, 1.320%)	-	1,014,522
Bank of America (2010, not applicable; 2009, 1.290%)	-	1,000,000
Total investments	<u>10,000,205</u>	<u>4,017,604</u>
 Total cash and cash equivalents and investments	 <u>\$ 53,889,087</u>	 <u>\$ 48,178,777</u>

State of Illinois
Western Illinois University
Analysis of Significant Variations in Account Balances
For the Year Ended June 30, 2010

A comparative schedule of significant variations in account balances (at least \$200,000 and 20% of the previous year) for the fiscal years ended June 30, 2010 and June 30, 2009 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2010	2009	AMOUNT	%
Investments, current	\$ 10,000,205	\$ 4,017,604	\$ 5,982,601	149%
Due from primary government	17,925,991	5,344,561	12,581,430	235%
Other assets, noncurrent	1,053,952	784,091	269,861	34%
Accounts payable and accrued liabilities	2,791,624	3,893,034	(1,101,410)	(28%)
Notes payable, current	259,349	707,116	(447,767)	(63%)
Certificates of participation, current	838,081	415,000	423,081	102%
Certificates of participation, noncurrent	20,172,555	9,475,000	10,697,555	113%
Unrestricted net assets	31,949,730	22,115,175	9,834,555	44%

University management provided the following explanations for the significant variations identified above.

Investments, current

The increase in investments, current, is a result of additional funds being available for investment from the issuance of the Series 2010 Certificates of Participation during the last quarter of fiscal year 2010.

Due from primary government

The increase in due from primary government is due to delays in receipt of State appropriations for fiscal year 2010 expenditures of the University.

State of Illinois
Western Illinois University
Analysis of Significant Variations in Account Balances (Continued)
For the Year Ended June 30, 2010

Other assets, noncurrent

The increase in other assets, noncurrent, is due to the issuance costs related to the Series 2010 Certificates of Participation. Issuance costs are classified as an asset and amortized over the number of years in the repayment schedule.

Accounts payable and accrued liabilities

The decrease in accounts payable and accrued liabilities is primarily due to the timing of the payments on invoices/billings made to vendors during the fiscal year end. Also, accounts payable related to capital projects decreased during fiscal year 2010.

Notes payable, current

The decrease in notes payable, current, is due to the retirement of several installment purchase agreements during fiscal year 2010.

Certificates of participation, current

The increase in certificates of participation, current, pertains to the principal payment due in fiscal year 2011 for the Series 2010 Certificates of Participation which were issued by the University in fiscal year 2010.

Certificates of participation, noncurrent

The increase in certificates of participation, noncurrent, pertains to the principal payments due for fiscal years 2012 to 2030 for the Series 2010 Certificates of Participation which were issued by the University in fiscal year 2010.

Unrestricted net assets

The increase in unrestricted net assets is primarily due to the net increase in the University's tuition and fees, grants and contracts, nonoperating grants and other nonoperating revenues during fiscal year 2010.

State of Illinois
Western Illinois University
Analysis of Significant Variations in Operating and Nonoperating
Revenues and Expenses
For the Year Ended June 30, 2010

A comparative schedule of significant variations in operating and nonoperating revenues and expenses (at least \$200,000 and 20% of the previous year) for the fiscal years ended June 30, 2010 and June 30, 2009 are shown below:

ACCOUNTS	FISCAL YEAR ENDED		INCREASE (DECREASE)	
	2010	2009	AMOUNT	%
Operating expenses:				
Student aid expense	\$ 8,134,983	\$ 6,478,826	\$ 1,656,157	26%
On-behalf payments	50,455,685	38,584,926	11,870,759	31%
Nonoperating revenues/expenses:				
Gifts	301,803	595,448	(293,645)	(49%)
Nonoperating grants	14,293,498	9,846,549	4,446,949	45%
Investment income (loss)	97,094	749,341	(652,247)	(87%)
Other nonoperating revenues	3,958,254	-	3,958,254	100%
Capital State appropriations	6,495,559	2,990,020	3,505,539	117%

University management provided the following explanations for the significant variations identified above.

Student aid expense

The increase in student aid expense is mainly due to the net increase in federal Pell grants awarded to students in fiscal year 2010 by \$1.3 million, as well as an increase of \$0.4 million in scholarships and other student financial assistance programs.

On-behalf payments

The increase in on-behalf payments represents an increase in payments made by the State of Illinois for the employer's share of insurance and pension plan contributions for participating employees.

State of Illinois
Western Illinois University
Analysis of Significant Variations in Operating and Nonoperating
Revenues and Expenses (Continued)
For the Year Ended June 30, 2010

Gifts

The decrease in gifts is due to the decline in capital asset contributions and departmental purchases from Western Illinois University Foundation in fiscal year 2010.

Nonoperating grants

The increase in nonoperating grants reflects an increase in the total amount of federal Pell grants awarded by the U.S. Department of Education to the University during fiscal year 2010.

Investment income (loss)

The decrease in investment income (loss) is due to market conditions and the decline of the average investment balance of the University during the first three quarters of fiscal year 2010. Delays in receipt of funds from State appropriations prompted the University to pay fiscal year 2010 expenditures from local funds which reduced the amount of funds available for investment.

Other nonoperating revenues

The increase in nonoperating revenues is primarily due to the State fiscal stabilization funding received by the University during fiscal year 2010 amounting to \$3.5 million and net revenue amounting to \$0.3 million resulting from the acquisition of WQPT capital assets.

Capital state appropriations

The increase in capital State appropriations represents an increase in capital funding provided by the Capital Development Board (CDB) to the University for the State-funded renovations of Memorial Hall and the Quad Cities campus.

**State of Illinois
Western Illinois University
Analysis of Significant Lapse Period Spending
For the Year Ended June 30, 2010**

No appropriation line item had lapse period expenditures in excess of \$200,000 and 20% of total line item expenditures for the fourteen months ended August 31, 2010.

**State of Illinois
Western Illinois University
Analysis of Accounts Receivable
June 30, 2010 and 2009**

Accounts receivable (net) at June 30, were as follows:

	<u>2010</u>	<u>2009</u>
Current unrestricted funds	\$ 3,814,491	\$ 3,750,028
Current restricted funds	3,417,715	2,532,640
Loan funds	201	146
Plant funds	52,916	38,852
Agency funds	<u>47</u>	<u>292</u>
Total accounts receivable (net)	<u>\$ 7,285,370</u>	<u>\$ 6,321,958</u>

Accounts receivable at gross less allowance for uncollectible accounts were as follows:

	<u>2010</u>	<u>2009</u>
Accounts receivable - all funds, at gross	\$ 11,153,670	\$ 9,847,058
Less: allowance for uncollectible accounts	<u>3,868,300</u>	<u>3,525,100</u>
Total accounts receivable (net)	<u>\$ 7,285,370</u>	<u>\$ 6,321,958</u>

Accounts receivable aging was as follows:

	<u>2010</u>	<u>2009</u>
Receivables not past due	<u>\$ 5,062,897</u>	<u>\$ 4,243,754</u>
Past due receivables:		
1 day - 90 days	2,300,868	2,181,168
91 days - 180 days	-	-
181 days - 1 year	778,863	661,656
Over 1 year	<u>3,011,042</u>	<u>2,726,766</u>
Total receivables past due	<u>6,090,773</u>	<u>5,569,590</u>
Other receivables	<u>-</u>	<u>33,714</u>
Total receivables, at gross	<u>\$ 11,153,670</u>	<u>\$ 9,847,058</u>

Accounts receivable of WIU consists of tuition and fee charges to students, amounts receivable from funding agencies for grants, amounts receivable from third parties, and charges for auxiliary enterprise services provided to students, faculty and staff.

Collection Policies for Accounts Receivables

The University processes student accounts receivable through the Billing and Receivables Office. Monthly statements are processed for all students. If the balance on the account exceeds \$4.99 and payment is not received by the due date, academic transcripts are not released. A 1% finance charge is assessed on all past due balances that exceed \$14.99. Students with past due balances exceeding \$499.99 are not permitted to register for future terms.

Students who are no longer enrolled and have an account balance continue to receive monthly statements. Accounts with balances less than \$5.00 are not subject to collection efforts due to the costs associated with the collection process. Accounts with balances less than \$100.00 are sent two separate collection notices by the Billing and Receivables Office. If the account is not paid in full by the due date of the second collection notice, the debt is subject to offset through the Comptroller's Office. Accounts with balances that are \$100.00 and over are subject to collection notices, telephone contacts, Comptroller's offset and attorney/collection agency placement.

**State of Illinois
Western Illinois University
Summary of Indirect Cost Reimbursements
Statement of Sources and Applications
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
SOURCES		
Federal	\$ 556,273	\$ 473,014
State	422,308	341,586
Private	23,719	21,354
Other	211,119	138,931
	<u>1,213,419</u>	<u>974,885</u>
APPLICATIONS		
Research	126,248	115,063
Academic support	274,422	311,542
Institutional support	507,034	449,151
	<u>907,704</u>	<u>875,756</u>
EXCESS OF SOURCES OVER APPLICATIONS	305,715	99,129
TRANSFERS AND OTHER DEDUCTIONS		
Transfers to other funds	<u>(69,475)</u>	<u>(17,568)</u>
EXCESS OF SOURCES OVER APPLICATIONS AFTER TRANSFERS AND OTHER DEDUCTIONS	236,240	81,561
FUND BALANCE, BEGINNING OF YEAR	<u>538,329</u>	<u>456,768</u>
FUND BALANCE, END OF YEAR	<u>\$ 774,569</u>	<u>\$ 538,329</u>

**State of Illinois
 Western Illinois University
 Summary of Indirect Cost Reimbursements
 Calculation Sheet for Indirect Cost Carry-Forward
 For the Year Ended June 30, 2010**

1. Cash and cash equivalents balance

Enter the June 30 indirect cost entity balance for cash and equivalents

Add:

Cash.....	\$	913,947	
Cash equivalents.....	\$	-	
Bank deposits.....	\$	-	
Marketable securities.....	\$	-	
Certificates of deposit.....	\$	-	
Repurchase agreements.....	\$	-	
Other cash equivalent items.....	\$	-	
Interfund receivables.....	\$	-	\$ 913,947

2. Allocated Reimbursements

Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed:

\$ 1,747,164; enter 30% of this amount.....

\$	524,149
----	---------

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.....

\$	-
----	---

4. Encumbrances and current liabilities

Paid in lapse period

Enter the amount of:

Current liabilities.....	\$	156,255
Encumbrances.....	\$	36,489
Total.....	\$	192,744

5. Indirect Cost Carry-forward

a. Enter the total of items 2, 3 and 4.....

\$	716,893
----	---------

b. Subtract from item 1

\$	197,054
----	---------

If a positive number results, enter here and remit for deposit in the Income Fund.....

\$	197,054
----	---------

**State of Illinois
Western Illinois University
Calculation of Current Excess Funds
June 30, 2010**

	Auxiliary Enterprises - Revenue Bond		
	University Union	Recreation Facility	University Housing and Dining
CURRENT AVAILABLE FUNDS:			
Cash and cash equivalents (A)	\$ 2,741,743	\$ 605,809	\$ 1,743,142
WORKING CAPITAL ALLOWANCES:			
Highest month's expenditures	2,025,498	417,979	5,228,326
Encumbrances and current liabilities paid in lapse period	406,078	109,210	1,076,470
Refundable deposits/deferred income	26,015	71,851	786,633
Allowance for sick leave/vacation payouts	40,586	22,002	103,698
Total working capital allowances (B)	2,498,177	621,042	7,195,127
CURRENT EXCESS FUNDS:			
Deduct B from A (C)	243,566	(15,233)	(5,451,985)
CALCULATION OF INCOME FUND REMITTANCE:			
An entity may offset excess capital or current funds within the entity:			
Enter the amount to be offset (D)	(245,000)	-	-
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	\$ (1,434)	\$ (15,233)	\$ (5,451,985)

State of Illinois
Western Illinois University
Calculation of Current Excess Funds
June 30, 2010

	Public Service 02	Student Programs and Services 03	Instructional Resources and Services 04	University Stores and Service Centers 05	University Publications 06	Sponsored Credit Programs 08	University Services 12	Auxiliary Enterprises Parking Operations 11	Transit Fee 13
CURRENT AVAILABLE FUNDS:									
Cash and cash equivalents	\$ 711,117	\$ 478,035	\$ 701,163	\$ (1,484,139)	\$ 9,737	\$ 188,860	\$ 497,163	\$ 296,640	\$ (22,711)
Interfund receivables	58	(1,781)	-	352,668	-	-	-	-	-
Total current available funds (A)	711,175	476,254	701,163	(1,131,471)	9,737	188,860	497,163	296,640	(22,711)
WORKING CAPITAL ALLOWANCES:									
Highest month's expenditures	539,848	3,112,451	492,057	1,186,358	4,787	64,940	590,479	77,776	388,065
Encumbrances and current liabilities paid in lapse period	313,305	298,302	101,007	366,799	4,006	35,514	137,512	28,934	54,219
Refundable deposits/deferred income	114,471	136,103	16,587	-	1,199	146,542	-	-	5,643
Total working capital allowances (B)	967,624	3,546,856	609,651	1,553,157	9,992	246,996	727,991	106,710	447,927
CURRENT EXCESS FUNDS:									
Deduct B from A (C)	(256,449)	(3,070,602)	91,512	(2,684,628)	(255)	(58,136)	(230,828)	189,930	(470,638)
CALCULATION OF INCOME FUND REMITTANCE:									
An entity may offset excess capital or current funds within the entity:									
Enter the amount to be offset (D)	(118,077)	(47,126)	(238,149)	(65,495)	(973)	-	-	(223,728)	-
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	\$ (374,526)	\$ (3,117,728)	\$ (146,637)	\$ (2,750,123)	\$ (1,228)	\$ (58,136)	\$ (230,828)	\$ (33,798)	\$ (470,638)

State of Illinois
Western Illinois University
Current Funds, Unrestricted, Other
Balance Sheet by Entity
June 30, 2010

	Indirect Cost	Public Service	Student Programs and Services	Instructional Resources and Services	University Stores and Service Centers	University Publications	Unique Charge Programs	Sponsored Credit Programs	Unrestricted Gifts	Compensated Absences for All Entities	University Services	Total
ASSETS												
Cash and temporary cash investments	\$ 913,947	\$ 710,042	\$ 469,520	\$ 700,988	\$ (1,508,955)	\$ 9,737	\$ 8,892	\$ 188,860	\$ 60,577	\$ 1,975,991	\$ 497,163	\$ 4,026,762
Cash, change funds	-	1,075	8,515	175	24,816	-	-	-	-	-	-	34,581
Accounts receivable, net	16,877	74,124	339,643	28,076	394,824	-	35	-	-	-	20	853,599
Inventories	-	1,883	38,421	43,397	1,093,283	-	-	-	-	-	-	1,176,984
Investment in plant:												
Equipment	-	50,668	204,777	71,359	1,282,325	-	-	-	-	-	1,375	1,610,504
Building	-	-	364,727	-	101,670	-	-	-	-	-	149,866	616,263
Construction in progress	-	-	-	-	45,227	-	-	-	-	-	-	45,227
TOTAL ASSETS	930,824	837,792	1,425,603	843,995	1,433,190	9,737	8,927	188,860	60,577	1,975,991	648,424	8,363,920
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accrued payroll	33,554	291,941	248,533	29,112	104,581	-	3,042	32,752	8,555	-	137,263	889,333
Interfund payables	-	-	-	-	-	-	-	-	3,733	-	-	3,733
Accounts payable	122,701	10,205	30,713	19,328	254,050	4,006	32	2,762	17	-	249	444,063
Accrued compensated absences	-	-	-	-	-	-	-	-	-	1,296,212	-	1,296,212
Deferred revenues	-	114,471	136,103	16,587	-	1,199	2,944	146,542	-	-	-	417,846
Installment purchases payable	-	-	-	34,532	395,492	-	-	-	-	-	-	430,024
Total liabilities	156,255	416,617	415,349	99,559	754,123	5,205	6,018	182,056	12,305	1,296,212	137,512	3,481,211
FUND BALANCES												
Current unrestricted	774,569	252,430	393,624	469,460	(420,159)	3,559	2,909	6,804	48,272	679,779	359,671	2,570,918
Renewals and replacements	-	118,077	47,126	238,149	65,495	973	-	-	-	-	-	469,820
Net investment in plant	-	50,668	569,504	36,827	1,033,731	-	-	-	-	-	151,241	1,841,971
Total fund balances	774,569	421,175	1,010,254	744,436	679,067	4,532	2,909	6,804	48,272	679,779	510,912	4,882,709
TOTAL LIABILITIES AND FUND BALANCES	\$ 930,824	\$ 837,792	\$ 1,425,603	\$ 843,995	\$ 1,433,190	\$ 9,737	\$ 8,927	\$ 188,860	\$ 60,577	\$ 1,975,991	\$ 648,424	\$ 8,363,920

State of Illinois
Western Illinois University
Current Funds, Unrestricted, Other
Statement of Revenues, Expenditures and Changes in Fund Balances by Entity
For the Year Ended June 30, 2010

	Indirect Cost	Public Service	Student Programs and Services	Instructional Resources and Services	University Stores and Service Centers	University Publications	Unique Charge Programs	Sponsored Credit Programs	Unrestricted Gifts	Compensated Absences for All Entities	University Services	Total
REVENUES AND OTHER ADDITIONS												
Fees and dues	\$ -	\$ 380,302	\$ 11,309,880	\$ 1,753,741	\$ 2,464	\$ -	\$ (33)	\$ -	\$ -	\$ -	\$ -	\$ 13,446,354
Indirect cost recovery	1,165,249	-	-	-	-	-	-	-	-	-	-	1,165,249
Investment income	420	374	922	214	1,853	3	-	5	42	1,702	525	6,060
Sales and subscriptions	-	70,085	287,555	248,497	2,878,442	6,174	-	-	-	-	-	3,490,753
Charges for services	13,477	2,807,546	1,465,109	111,734	4,262,246	5,218	232,320	348,152	-	-	580	9,246,382
Athletic guarantees	-	-	397,000	-	-	-	-	-	-	-	-	397,000
Other	21,023	32,538	700,549	48,750	252,690	8	8,191	-	-	-	42,495	1,106,244
Gifts	13,249	14,200	121,456	-	12,645	-	7,175	-	162,112	-	-	330,837
Expended for plant facilities	72,580	24,286	26,376	29,764	191,403	-	-	-	-	-	-	344,409
Other fixed asset additions	-	-	13,292	91,575	728,310	-	-	-	-	-	-	833,177
Total revenues and other additions	1,285,998	3,329,331	14,322,139	2,284,275	8,330,053	11,403	247,653	348,157	162,154	1,702	43,600	30,366,465
EXPENDITURES AND OTHER DEDUCTIONS												
Cost of sales	-	48,660	66,764	23,947	2,760,267	926	-	-	-	-	-	2,900,564
Personal services	52,738	2,476,672	3,460,357	427,195	2,170,542	-	6,000	187,594	109,688	-	2,539,469	11,430,255
Contractual services	327,428	389,613	3,561,999	499,024	376,574	6,610	209,330	33,636	45,263	-	555,797	6,005,274
Telecommunications	2,559	20,004	134,722	39,785	518,115	310	-	-	262	-	4,079	719,836
Travel	86,174	23,853	168,913	22,799	313,469	28	28,541	26,134	1,170	-	3,230	674,311
Retirement	3,383	-	-	-	-	-	-	-	-	-	-	3,383
Commodities	57,475	108,482	860,160	337,997	397,184	6,101	1,357	8,866	7,168	-	13,691	1,798,481
Equipment	356,095	109,528	106,936	255,554	265,490	227	-	2,269	1,207	-	46,337	1,143,643
Scholarships	4,927	-	1,766,104	-	-	-	-	76,277	2,000	-	-	1,849,308
Compensated absences adjustment	-	-	-	-	-	-	-	-	-	(22,528)	-	(22,528)
Athletic guarantees	-	-	18,028	-	-	-	-	-	-	-	-	18,028
Other	16,924	211,050	3,313,448	138,082	382,595	570	1,079	24,327	1,629	-	(2,991,616)	1,098,088
Other fixed asset deductions	-	26,724	125,815	112,187	511,010	-	-	-	-	-	19,670	795,406
Total expenditures and other deductions	907,703	3,414,586	13,583,246	1,856,570	7,695,246	14,772	246,307	359,103	168,387	(22,528)	190,657	28,414,049
NET INCREASE (DECREASE) IN FUND BALANCES BEFORE TRANSFERS												
	378,295	(85,255)	738,893	427,705	634,807	(3,369)	1,346	(10,946)	(6,233)	24,230	(147,057)	1,952,416
TRANSFERS												
Transfers to other funds, current funds	(69,475)	-	-	(225,000)	(35,500)	(973)	-	-	-	-	-	(330,948)
Transfers from (to) other funds, plant funds	(72,580)	-	25,660	228,055	145,457	973	-	-	-	-	-	327,565
Transfers for installment purchase payments	-	-	-	(92,416)	(540,191)	-	-	-	-	-	-	(632,607)
Total transfers	(142,055)	-	25,660	(89,361)	(430,234)	-	-	-	-	-	-	(635,990)
NET INCREASE (DECREASE) FOR THE YEAR												
	236,240	(85,255)	764,553	338,344	204,573	(3,369)	1,346	(10,946)	(6,233)	24,230	(147,057)	1,316,426
FUND BALANCES, BEGINNING OF YEAR												
	538,329	506,430	245,701	406,092	474,494	7,901	1,563	17,750	54,505	655,549	657,969	3,566,283
FUND BALANCES, END OF YEAR												
	\$ 774,569	\$ 421,175	\$ 1,010,254	\$ 744,436	\$ 679,067	\$ 4,532	\$ 2,909	\$ 6,804	\$ 48,272	\$ 679,779	\$ 510,912	\$ 4,882,709

State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Other
Balance Sheet by Entity
June 30, 2010

	Parking Operations	Transit Fee	Total
ASSETS			
Cash and temporary cash investments (overdraft)	\$ 296,340	\$ (22,711)	\$ 273,629
Change funds	300	-	300
Accounts receivable, net	77,004	236,584	313,588
Investment in plant:			
Buildings	25,959	-	25,959
Site improvements	1,564,112	-	1,564,112
Equipment	38,953	43,322	82,275
TOTAL ASSETS	2,002,668	257,195	2,259,863
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accrued payroll	28,934	5,316	34,250
Accounts payable	-	48,903	48,903
Deferred revenues	-	5,643	5,643
Total liabilities	28,934	59,862	88,796
FUND BALANCES			
Current funds	120,982	154,011	274,993
Renewals and replacements	223,728	-	223,728
Net investment in plant	1,629,024	43,322	1,672,346
Total fund balances	1,973,734	197,333	2,171,067
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,002,668	\$ 257,195	\$ 2,259,863

State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Other
Statement of Revenues, Expenditures and Changes in Fund Balances by Entity
For the Year Ended June 30, 2010

	Parking Operations	Transit Fee	Total
REVENUES AND OTHER ADDITIONS			
Sales and services	\$ 480,242	\$ 1,055,636	\$ 1,535,878
Fees	-	712,362	712,362
Investment income	198	65	263
Fines	302,320	-	302,320
Other	6,315	4,135	10,450
Expended for plant facilities	131,431	32,999	164,430
Total revenues and other additions	920,506	1,805,197	2,725,703
EXPENDITURES AND OTHER DEDUCTIONS			
Personal services	527,955	73,094	601,049
Contractual services	32,833	1,180,826	1,213,659
Commodities	48,073	13,204	61,277
Permanent improvements	-	7,190	7,190
Equipment	20,916	41,048	61,964
Travel	-	3,006	3,006
Telecommunications	3,101	10,227	13,328
Other	69,722	413,115	482,837
Expended for plant facilities	113,511	-	113,511
Expended for renewals and replacements	11,141	-	11,141
Other fixed asset deductions	88,889	9,826	98,715
Total expenditures and other deductions	916,141	1,751,536	2,667,677
NET INCREASE IN FUND BALANCES BEFORE TRANSFERS			
	4,365	53,661	58,026
TRANSFERS			
Transfers to other funds, current funds	(104,902)	-	(104,902)
Transfers from other funds, plant funds	105,375	-	105,375
Total transfers	473	-	473
NET INCREASE FOR THE YEAR	4,838	53,661	58,499
FUND BALANCES, BEGINNING OF YEAR	1,968,896	143,672	2,112,568
FUND BALANCES, END OF YEAR	\$ 1,973,734	\$ 197,333	\$ 2,171,067

State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Revenue Bonds
Balance Sheet by Entity
June 30, 2010

	University Union	Recreation Facility	University Housing & Dining	Total
ASSETS				
Current funds:				
Cash and investments	\$ 2,741,573	\$ 605,809	\$ 1,743,142	\$ 5,090,524
Accounts and interest receivable, less allowance for doubtful accounts of \$1,767,600	549,103	45,755	1,127,919	1,722,777
Inventories	1,156,993	25,425	-	1,182,418
Prepaid expense	167	-	-	167
Total assets, current funds	4,447,836	676,989	2,871,061	7,995,886
Plant funds:				
Cash - retirement of indebtedness	8,691	68,382	301,602	378,675
Cash - renewals and replacements	2,440,112	(2,732,603)	20,876,471	20,583,980
Cash - construction funds	-	683	-	683
Investment in plant:				
Land, buildings, and improvements	1,643,402	14,540,804	42,129,828	58,314,034
Equipment	37,514	296,543	556,256	890,313
Construction in progress	68,263	-	1,502,822	1,571,085
Bond issuance costs	15,991	99,593	412,547	528,131
Total assets, plant funds	4,213,973	12,273,402	65,779,526	82,266,901
TOTAL ASSETS	8,661,809	12,950,391	68,650,587	90,262,787
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Current funds:				
Accrued payroll	124,726	85,676	475,437	685,839
Accounts payable	267,291	23,377	601,030	891,698
Student deposits	-	-	224,175	224,175
Deferred revenues	26,015	71,851	562,458	660,324
Accrued compensated absences	362,092	196,288	925,147	1,483,527
Total liabilities, current funds	780,124	377,192	2,788,247	3,945,563
FUND BALANCES				
Fund balances, reserve for operations	3,667,712	299,797	82,814	4,050,323
Total liabilities and fund balances, current funds	4,447,836	676,989	2,871,061	7,995,886
LIABILITIES				
Plant funds:				
Accounts payable and accrued payroll	3,400	2,164	496,445	502,009
Accrued interest	8,691	68,252	301,265	378,208
Revenue bonds payable	886,379	6,648,393	28,017,803	35,552,575
Total liabilities, plant funds	898,470	6,718,809	28,815,513	36,432,792
FUND BALANCES				
Retirement of indebtedness	15,991	99,723	412,884	528,598
Renewals, replacements reserve	2,436,712	(2,734,767)	20,380,026	20,081,971
Project construction fund	-	683	-	683
Investment in plant, net	862,800	8,188,954	16,171,103	25,222,857
Total fund balances, plant funds	3,315,503	5,554,593	36,964,013	45,834,109
Total liabilities and fund balances, plant funds	4,213,973	12,273,402	65,779,526	82,266,901
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,661,809	\$ 12,950,391	\$ 68,650,587	\$ 90,262,787

State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Revenue Bonds
Statement of Revenues, Expenditures and Changes in Fund Balances by Entity
For the Year Ended June 30, 2010

	University Union	Recreation Facility	University Housing & Dining	Total
REVENUES				
Room and board	\$ -	\$ -	\$ 32,883,482	\$ 32,883,482
Graduate and family housing	-	-	1,295,862	1,295,862
Sales and services	5,131,113	644,171	1,859,875	7,635,159
Student fees	2,743,957	3,106,969	767,646	6,618,572
Investment income	8,394	1,974	26,189	36,557
Other	187,842	23,151	1,031,305	1,242,298
Total revenues	8,071,306	3,776,265	37,864,359	49,711,930
OPERATING EXPENDITURES				
Cost of merchandise sold	3,452,338	87,096	-	3,539,434
Personal services:				
Student	168,362	287,132	1,502,556	1,958,050
Regular	2,248,443	1,150,919	7,798,360	11,197,722
Compensated absences	(7,462)	(3,819)	(25,880)	(37,161)
Fringe benefits	74,981	26,280	248,774	350,035
Food service and catering	32,026	997	12,435,876	12,468,899
Contractual services	171,111	57,062	608,194	836,367
Supplies	90,828	88,352	312,122	491,302
Travel	6,102	5,900	51,760	63,762
Utilities	594,473	105,885	3,433,724	4,134,082
Telephone	17,990	5,385	426,141	449,516
Repairs and maintenance	63,863	57,911	596,238	718,012
Insurance	19,510	5,807	119,314	144,631
Other financial	66,879	3,205	9,811	79,895
Equipment	11,832	83,657	279,090	374,579
Bad debts	21,178	17,285	425,058	463,521
Administrative support	293,842	137,440	1,378,349	1,809,631
Miscellaneous	46,160	46,688	923,573	1,016,421
Total operating expenditures	7,372,456	2,163,182	30,523,060	40,058,698
EXCESS OF REVENUES OVER OPERATING EXPENDITURES	\$ 698,850	\$ 1,613,083	\$ 7,341,299	\$ 9,653,232

State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Revenue Bonds
Statement of Revenues, Expenditures and Changes in Fund Balances by Entity (Continued)
For the Year Ended June 30, 2010

	<u>University Union</u>	<u>Recreation Facility</u>	<u>University Housing & Dining</u>	<u>Total</u>
TRANSFERS				
Transfers for principal and interest	\$ (234,841)	\$ (1,071,524)	\$ (4,309,959)	\$ (5,616,324)
Transfers for renewals, replacements, deferred maintenance and equipment reserve	(453,510)	(528,735)	(3,013,315)	(3,995,560)
Total transfers	<u>(688,351)</u>	<u>(1,600,259)</u>	<u>(7,323,274)</u>	<u>(9,611,884)</u>
NET INCREASE FOR THE YEAR	10,499	12,824	18,025	41,348
FUND BALANCES, BEGINNING OF YEAR	<u>3,657,213</u>	<u>286,973</u>	<u>64,789</u>	<u>4,008,975</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,667,712</u>	<u>\$ 299,797</u>	<u>\$ 82,814</u>	<u>\$ 4,050,323</u>

State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Revenue Bonds
Plant Funds Statement of Changes in Fund Balances by Entity
For the Year Ended June 30, 2010

	University Union	Recreation Facility	University Housing & Dining	Total
Retirement of indebtedness				
Fund balances (deficits), July 1, 2009	\$ (101,337)	\$ (548,231)	\$ 1,222,122	\$ 572,554
Prior period adjustment	118,783	674,798	(793,581)	-
Bond issuance expenditures	(1,640)	(8,080)	(34,650)	(44,370)
Retirement of bonds	(194,779)	(796,503)	(3,003,718)	(3,995,000)
Interest paid, bonds	(39,877)	(293,916)	(1,287,584)	(1,621,377)
Mandatory debt retirement transfer	234,841	1,071,524	4,309,959	5,616,324
Other	-	131	336	467
Fund balances, June 30, 2010	<u>\$ 15,991</u>	<u>\$ 99,723</u>	<u>\$ 412,884</u>	<u>\$ 528,598</u>
Renewals, replacements, def. maint. and equipment reserve				
Fund balances (deficits), July 1, 2009	\$ 2,072,807	\$ (3,101,550)	\$ 17,865,532	\$ 16,836,789
Transfers from current funds	453,510	528,735	3,013,315	3,995,560
Expenditures for renewals and replacements	(89,605)	(161,952)	(498,821)	(750,378)
Fund balances (deficit), June 30, 2010	<u>\$ 2,436,712</u>	<u>\$ (2,734,767)</u>	<u>\$ 20,380,026</u>	<u>\$ 20,081,971</u>
Project construction fund				
Fund balances (deficits), July 1, 2009	\$ 232,830	\$ (1,351,293)	\$ 1,702,733	\$ 584,270
Prior period adjustment	(232,830)	1,518,237	(1,285,407)	-
Investment income	-	8	20	28
Capitalized interest	-	57,015	146,902	203,917
Transfers (net)	-	(218,995)	(564,248)	(783,243)
Expenditures for renewals and replacements	-	(4,289)	-	(4,289)
Fund balances, June 30, 2010	<u>\$ -</u>	<u>\$ 683</u>	<u>\$ -</u>	<u>\$ 683</u>
Investment in plant (net)				
Fund balances, July 1, 2009	\$ 738,343	\$ 7,341,091	\$ 13,340,700	\$ 21,420,134
Retirement of bonds	194,779	796,503	3,003,718	3,995,000
Additions to plant	71,238	208,514	1,924,296	2,204,048
Depreciation	(137,089)	(511,054)	(2,430,324)	(3,078,467)
Gifts and other (additions & deductions to fixed assets)	-	(2,054)	(6,171)	(8,225)
Discount amortization	1,989	4,180	13,359	19,528
Refund amortization	(3,485)	(18,612)	(47,216)	(69,313)
Transfers (net)	(2,975)	370,386	372,741	740,152
Fund balances, June 30, 2010	<u>\$ 862,800</u>	<u>\$ 8,188,954</u>	<u>\$ 16,171,103</u>	<u>\$ 25,222,857</u>

**State of Illinois
Western Illinois University
University Functions and Planning Program
For the Year Ended June 30, 2010**

The primary focus of Western Illinois University (University), a component unit of the State of Illinois (State), is on instruction and an additional commitment to research and public service. Dr. Alvin Goldfarb is the current President of the University. The University has campuses located in Macomb and Moline, Illinois.

The University developed various institutional planning programs to guide implementation of the University's vision, mission, values, goals and priorities. These programs include the University's *Higher Values in Higher Education 2008-2018* Strategic Plan, Campus Master Plans, Institutional Strategic Plan for Technology, and institutional accreditation reporting for the Higher Learning Commission - North Central Association of Colleges and Schools. The following shows a brief description of the institutional plans:

- The University developed a strategic plan (*Higher Values in Higher Education 2008-2018*) that guide its daily operations, planning and resource allocation in support of academic mission and service operations. The Strategic Plan is a ten-year long term vision for the University which was endorsed by all campus governance groups and approved for implementation by the University Board of Trustees. The University holds itself accountable to advancing the priorities and goals of the University's Strategic Plan by means of monthly/annual updates and each spring, the Vice Presidents and areas that report to the President provide a summary of annual accomplishments and plans to the campus community.
- The University's Board of Trustees approved *Campus Master Plans* for the Macomb and Quad Cities campuses in March 2007 and June 2006, respectively. Both *Campus Master Plans* identify general (macro) parameters for the future physical development of new and existing facilities, grounds, technology, and infrastructure to support the academic mission and service operations of the University. The University has also developed specific implementation plans that are carefully aligned to *Campus Master Plans*. These component plans include the *University Housing and Dining Master Plan*, *Target Western Forward Plan* for athletic facilities, *Institutional Strategic Plan for Technology* and the *Utilities and Infrastructure Master Plan*. The *Campus Master Plan Updates* documents institutional master plan accomplishments annually.
- The University's Board of Trustees unanimously approved in June 2007, the five-year *Institutional Strategic Plan for Technology* at Western Illinois University. The technology plan aims to provide state-of-the-art technology and service to support the academic mission and service operations of the University. The Board of Trustees receives progress reports on the status of the technology plan.
- Western Illinois University is fully accredited by the Higher Learning Commission - North Central Association of Colleges and Schools (Commission). Receiving

State of Illinois
Western Illinois University
University Functions and Planning Program (Continued)
For the Year Ended June 30, 2010

institutional accreditation by the Commission is designed to provide assurance to the public, and particularly to prospective students, that the University meets clearly stated criteria and that there are reasonable grounds for believing that it will continue to meet them. Institutional accreditation is also required for the University to receive and disperse federal Title IV financial aid and assures that University credit hours and degrees are transferable to other accredited institutions of higher education. The University was first accredited in 1913 and accreditation has been continuous since that time. The University is currently preparing for its next on-site visit by a commission team in academic year 2010-2011.

The primary planning program of the University is coordinated through the Budget Office, which provides a full-time budget and planning function.

In addition to the institutional planning programs described above, other significant planning documents and a brief description of the related planning process are as follows:

- Resource Allocation and Management Program (RAMP) for Operations and Grants Resource Requirements. This is a five-year plan that includes comparison to the preceding two fiscal years. Among other data included are a summary of operations cost by function and source of funds, summary of staff requirements and earnings, projected enrollments, tuition and fees. In addition, detailed information by various departments and programs is included.
- Resource Allocation and Management Program (RAMP) Capital Requirements Plan. This also is a five-year planning program and includes a summary of capital requirements by budgetary category. These requirements are detailed as to buildings or components of buildings as well as other capital projects planned for the University.

State of Illinois
Western Illinois University
Employment Statistics - Full-Time Equivalent (Unaudited)
For the Years Ended June 30, 2010 and 2009

	<u>Instructional Activities</u>	<u>Organized Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>O&M Physical Plant</u>	<u>Independent Operations</u>	<u>Total All Functions</u>
Year Ended June 30, 2010									
Appropriated funds:									
Faculty/administrative	776.3	13.3	25.1	42.8	59.7	32.9	6.6	-	956.7
Civil service	179.1	8.3	16.4	66.7	37.2	79.3	163.0	-	550.0
Student employees	26.2	0.2	1.3	24.4	7.8	5.3	3.4	-	68.6
Total appropriated	<u>981.6</u>	<u>21.8</u>	<u>42.8</u>	<u>133.9</u>	<u>104.7</u>	<u>117.5</u>	<u>173.0</u>	<u>-</u>	<u>1,575.3</u>
Non-appropriated funds:									
Faculty/administrative	7.7	11.3	88.4	0.3	49.2	-	5.5	41.1	203.5
Civil service	4.0	0.1	11.4	-	55.1	1.5	138.5	85.0	295.6
Student employees	25.8	2.8	9.5	0.1	50.4	0.3	13.7	117.8	220.4
Total non-appropriated	<u>37.5</u>	<u>14.2</u>	<u>109.3</u>	<u>0.4</u>	<u>154.7</u>	<u>1.8</u>	<u>157.7</u>	<u>243.9</u>	<u>719.5</u>
Total all funds	<u>1,019.1</u>	<u>36.0</u>	<u>152.1</u>	<u>134.3</u>	<u>259.4</u>	<u>119.3</u>	<u>330.7</u>	<u>243.9</u>	<u>2,294.8</u>
Year Ended June 30, 2009									
Appropriated funds:									
Faculty/administrative	767.4	11.5	25.0	46.7	58.7	32.7	6.3	-	948.3
Civil service	178.3	7.3	16.0	65.5	36.3	80.3	162.1	-	545.8
Student employees	28.4	0.2	1.4	22.2	5.4	5.7	3.8	-	67.1
Total appropriated	<u>974.1</u>	<u>19.0</u>	<u>42.4</u>	<u>134.4</u>	<u>100.4</u>	<u>118.7</u>	<u>172.2</u>	<u>-</u>	<u>1,561.2</u>
Non-appropriated funds:									
Faculty/administrative	8.4	9.4	90.3	0.7	48.8	-	5.8	40.5	203.9
Civil service	4.5	0.2	13.8	0.1	59.9	1.6	139.8	84.6	304.5
Student employees	26.3	2.0	7.3	0.2	46.0	0.3	13.6	119.3	215.0
Total non-appropriated	<u>39.2</u>	<u>11.6</u>	<u>111.4</u>	<u>1.0</u>	<u>154.7</u>	<u>1.9</u>	<u>159.2</u>	<u>244.4</u>	<u>723.4</u>
Total all funds	<u>1,013.3</u>	<u>30.6</u>	<u>153.8</u>	<u>135.4</u>	<u>255.1</u>	<u>120.6</u>	<u>331.4</u>	<u>244.4</u>	<u>2,284.6</u>

**State of Illinois
Western Illinois University
Service Efforts and Accomplishments -
Enrollment Statistics (Unaudited)
For the Years Ended June 30, 2010 and 2009**

Enrollment figures, as developed by University personnel for the undergraduate and graduate schools during the years ended June 30, 2010 and 2009 are presented below:

	<u>2010</u>	<u>2009</u>
Fall term:		
Undergraduate students	9,977	10,380
Graduate students	1,677	1,765
Extension students	931	1,030
Total enrollment	<u>12,585</u>	<u>13,175</u>
Full-time equivalent students	<u>11,101</u>	<u>11,389</u>
Spring term:		
Undergraduate students	9,235	9,389
Graduate students	1,685	1,699
Extension students	906	901
Total enrollment	<u>11,826</u>	<u>11,989</u>
Full-time equivalent students	<u>10,230</u>	<u>10,368</u>
Summer term:		
Undergraduate students	1,245	1,301
Graduate students	730	852
Extension students	1,774	1,232
Total enrollment	<u>3,749</u>	<u>3,385</u>
Full-time equivalent students	<u>2,718</u>	<u>2,426</u>
Annual full-time equivalent students (based on average per term exclusive of summer term)	<u>10,666</u>	<u>10,879</u>

State of Illinois
Western Illinois University
Schedule of Unrestricted Current Funds
General Expenditures Per Full-Time Equivalent Student*
as Reported to the Board of Higher Education (Unaudited)
For the Year Ended June 30, 2010

	Total Costs**	Total Costs Per Full-Time Equivalent Student*
Direct salary	\$ 40,267,546	\$ 3,775
Indirect instruction	8,808,268	826
Departmental research	2,006,458	188
Departmental overheads	9,789,033	918
College or school overheads	5,575,884	523
	<hr/>	<hr/>
Total department and college costs	66,447,189	6,230
	<hr/>	<hr/>
Overhead support unique to a function	7,670,355	719
All other academic support	8,469,679	794
Student services	5,579,740	523
Institutional support	10,021,991	940
	<hr/>	<hr/>
Total department and college costs with University overheads	98,188,954	9,206
	<hr/>	<hr/>
Operation and maintenance of physical plant	13,159,488	1,234
	<hr/>	<hr/>
Total costs	<u>\$ 111,348,442</u>	<u>\$ 10,440</u>

NOTE:

* *The number of full-time equivalent students for fiscal year 2010 is the sum of full-time equivalent students for Fall 2009 and Spring 2010 semesters divided by two.*

Fall 2009 FTE	11,101
Spring 2010 FTE	10,230
Full-time equivalent	10,666

** *Total costs include instructional costs, public service, and organized research expenditures.*

Source: FY2010 WIU Discipline Cost Study

**State of Illinois
Western Illinois University
Comments on the Percentage of Total Expenditures Represented by
Administrative Costs
For the Year Ended June 30, 2010**

The percentage of total fiscal year 2010 expenditures represented by administrative costs for the year ended June 30, 2010 was approximately 9.4%. This percentage was computed based upon appropriated expenditures considered as administrative and reported to the Illinois Board of Higher Education. These expenditures primarily included the various administrative offices of the President, Vice President for Administrative Services, and the Provost and Academic Vice President. Administrative expenses also include Medicare costs and the CMS Group Insurance payment.

State of Illinois
Western Illinois University
Comments on Certain Matters Pertaining to the University Guidelines
For the Year Ended June 30, 2010

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled "Matters Regarding University Audits" (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the University financial statements and audit reports for the year ended June 30, 2010, where such special data is found.

Compliance Findings

- 13(a) As of June 30, 2010, no findings of noncompliance with *University Guidelines* were noted.

Indirect Cost Reimbursements

- 13(b) A statement of sources and applications of indirect cost reimbursements is included in this report on page 56.
- 13(c) The University's calculation sheet for indirect cost carry-forward is included in this report on page 57.

Tuition, Charges and Fees

- 13(d) The University does not have statutory authority to divert tuition to Auxiliary Enterprise operations and we noted no instances of any such diversion.

Auxiliary Enterprises, Activities and Accounting Entities

- 13(e) Identification of each specific accounting entity and description of the sources of revenue and purpose of each are presented on pages 79 through 81.
- 13(f) Entity financial statements are presented on pages 60 through 67 of this report. The entity financial statements should be read in conjunction with Western Illinois University's audited financial statements for the year ended June 30, 2010.
- 13(g) The University's calculation sheets for current excess funds are presented in this report on pages 58 through 59.
- 13(h) The University Auxiliary Enterprises and activities received \$2,141,970 for group insurance and \$1,054,220 for pensions from State appropriated funds for the year ended June 30, 2010. These amounts of support were estimated by University management.

State of Illinois
Western Illinois University
Comments on Certain Matters Pertaining to the University Guidelines
For the Year Ended June 30, 2009

- 13(i) Revenue and expenditures for the various bond indenture required accounts are included on page 65 of this report. Description of the accounts and requirements is included in Note 8 of the June 30, 2010 financial statements.
- 13(j) Audit tests of the Revenue Bond Fund accounting revealed no instances of noncompliance with the terms of the bond indenture during the year ended June 30, 2010.
- 13(k) As of June 30, 2010, the University did not have a noninstructional facilities reserve account. Previously, such account was established in conjunction with the September 1995 Board of Governors of the State Colleges and Universities issuance of Western Illinois University Auxiliary Facilities Systems Revenue and Refunding Bonds, Series 1995 which were defeased during fiscal year 2005. However, the University does have the ability to establish a noninstructional facilities reserve account in conjunction with the Series 2005 Bonds.

University Related Organizations

- 13(l) The Western Illinois University Foundation (the "Foundation") is recognized by Western Illinois University as a University related organization. There are no organizations considered by the University to be independent organizations, as defined in Section VII of University Guidelines.
- 13(m) A summary of the Foundation payments to the University is presented on page 77 of this report.
- 13(n) The University provided the Foundation with \$756,437 in administration and support services during the year ended June 30, 2010, for the Foundation's fund-raising services.
- 13(o) There were no unreimbursed subsidies from the University to the Foundation for the year ended June 30, 2010.
- 13(p) There was no debt financing by the Foundation in fiscal year 2010.

Other Topics

- 13(q) Schedules of cash and investments held by the University are presented in this report on page 49.
- 13(r) Income from investments of pooled funds has been allocated and credited to the original sources of the funds.

State of Illinois
Western Illinois University
Comments on Certain Matters Pertaining to the University Guidelines
For the Year Ended June 30, 2009

- 13(s) A schedule of costs per full-time equivalent student is presented on page 72 of this report.
- 13(t) There were no acquisitions of real estate by the University or the Foundation costing in excess of \$250,000 and not funded by separate specific appropriation as stated on page 77 of this report.
- 13(u) On February 23, 2010, the Series 2010 Certificates of Participation were issued in the principal amount of \$11,585,000. Proceeds from the sale of the Series 2010 Certificates of Participation will be used for issuance costs and to finance heating plant capital improvements and steam line replacements. Additionally, proceeds from the sale will reimburse the University for a portion of the cost of the sprinkler system installation in Thompson and Tanner Halls.

In fiscal year 2006, the University issued the Series 2005 Certificates of Participation (COPS) (Capital Improvement Projects) in the amount of \$10,290,000. Proceeds from the sales of the Series 2005 COPS were used to renovate the student section of the football stadium, to construct a new Multicultural Center and to construct a combination Document and Publication Services and Property Accounting and Redistribution Center. In addition, Series 2005 proceeds were used to pay the costs of issuing the Series 2005 COPS. There is no participation in lease or purchase arrangements involving COPS issued by other third parties other than as follows. In 2005, the University refinanced a telecommunications switch for which the finance company issued COPS. The University did not request the COPS transaction nor was the University a party to the COPS issuance. During 2010, the University continued making scheduled payments to the finance company.

- 13(v) The Schedule of Income Fund Revenues and Expenditures is presented on page 48 of this report.
- 13(w) The Schedule of Tuition and Fee Waivers is presented on page 83 through 84 of this report.

State of Illinois
Western Illinois University
Summary of Western Illinois University Foundation Payments
to the University
For the Year Ended June 30, 2010

During the year ended June 30, 2010, Western Illinois University (University) had a contract with Western Illinois University Foundation (the "Foundation") to provide fund-raising services. The University advanced funds to the Foundation personal service costs, facility use, and other costs amounting to \$756,437 for the year ended June 30, 2010. As required by contract, the Foundation fully repaid the University, using funds considered unrestricted for purposes of the University Guidelines computations. In addition, the Foundation gave the University nonqualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University for the year ended June 30, 2010:

Funds considered unrestricted for purpose of the University Guidelines computations:	
Totally unrestricted	\$ 295,475
Restricted only as to campus, college or department and generally available for ongoing University operations	<u>2,376,127</u>
Total funds considered unrestricted	<u>2,671,602</u>
Funds considered restricted for purpose of the University Guidelines computations:	
Total funds given for scholarships, grants and awards	1,964,789
Other restricted funds	<u>270,898</u>
Total funds considered restricted	<u>2,235,687</u>
Total funds provided to the University by the Foundation	<u>\$ 4,907,289</u>

During the year ended June 30, 2010, neither the Foundation nor the University purchased or received as a donation or gift real estate with a value in excess of \$250,000.

**State of Illinois
 Western Illinois University
 Analysis of Bookstore Operations (Unaudited)
 For the Year Ended June 30, 2010**

Contracted/Rents to students/University operated	University operated
Contractor	Not applicable
Contract term	Not applicable
Amount of gross sales for bookstore in FY 2010	\$4,851,734
Commissions	Not applicable
Commission terms	Not applicable
Given exclusive rights	No
Competition “other” nearby /on-campus bookstores	Chapman’s Bookstore Sarge’s Bookstore

**State of Illinois
Western Illinois University
University Accounting Entities and Related Sources of
Revenues and Purposes
For the Year Ended June 30, 2010**

Indirect Cost

Source: Facilities and administrative costs paid on grants and contracts from outside agencies.

Purpose: To pay for costs of grants and contract operations, overhead expenses and cost sharing and matching requirements of grants and contracts.

Public Service

Source: Registration and related fees that are charged for non-credit programs and services.

Purpose: To facilitate the development, promotion and presentation of various non-credit programs for the regional area.

Student Programs and Services

Source: Student fees, income generated by student organizations, athletic ticket sales and other charges for student services.

Purpose: To administer receipts and disburse funds for student activities, organizations and services.

Instructional Resources and Services

Source: Charges for services, programs and special instructional materials in connection with instruction.

Purpose: To enhance and expand instruction through related programs and activities.

University Stores and Service Centers

Source: Charges for materials and services supplied primarily to units of the University.

Purpose: To operate stores and maintenance service centers for all units of the University.

**State of Illinois
Western Illinois University
University Accounting Entities and Related Sources of
Revenues and Purposes
For the Year Ended June 30, 2010**

University Publications

Source: Subscriptions and charges for University-sponsored publications.

Purpose: Preparation, promotion and distribution of University publications.

Unique Charge Programs

Source: Charges for special costs associated with field trips and other travel credit programs.

Purpose: To operate and administer travel credit programs and field trips.

Sponsored Credit Programs

Source: Fees charges for credit programs sponsored fully by outside agencies.

Purpose: To facilitate the development, promotion and presentation of various credit programs for sponsoring agencies.

Unrestricted Gifts

Source: Unrestricted gifts received by the University

Purpose: To support University programs at the discretion of the University President.

Compensated Absences

Source: None

Purpose: To reflect the University's accrued liability for employee compensated absences, including earned vacation and accumulated sick leave benefits.

**State of Illinois
Western Illinois University
University Accounting Entities and Related Sources of
Revenue and Purpose
For the Year Ended June 30, 2010**

Auxiliary Enterprises - Revenue Bond Fund

The Auxiliary Enterprises - Revenue Bond Fund consists of the University Union, Campus Recreation and University Housing and Dining Services.

Source: Funds generated from operation of Residence Halls, Graduate and Family Housing, University Union and Recreation Facility; also bond revenue fee income from students.

Purpose: Revenues are used to support the operational costs of the revenue bond buildings, provide services to occupants or those using the facility, fund required reserves and to pay financial requirements.

Auxiliary Enterprises - Other

The Auxiliary Enterprises - Other consists of the transit system and parking operations.

Source: Student fees are the primary source of income for the transit system. Parking permits and fines are the primary sources of income for parking operations.

Purpose: To operate and maintain buses and parking facilities.

University Services

Source: A percentage of gross revenue assessed to local and revenue bond fund accounts.

Purpose: To recover costs associated with general University support services such as utilities, janitorial, physical plant, Internal Auditing, University Computer Support Services, etc., provided to locally funded operations.

**State of Illinois
Western Illinois University
Schedules of Federal Expenditures, Nonfederal Expenses, and New Loans
For the Year Ended June 30, 2010**

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA	\$ 96,312,243
Total new loans made	- *
Amount of federal loan balances at beginning of the year	- *
Total Schedule A	<u>\$ 96,312,243</u>

Schedule B - Total Financial Component

Total operating expenses	\$ 258,803,275
Total nonoperating expenses	1,780,278
Total new loans made	68,422,795
Amount of federal loan balances at beginning of the year	<u>1,802,383</u>
Total Schedule B	<u>\$ 330,808,731</u>

Schedule C

Total Schedule A	\$ 96,312,243	29.1%
Total Nonfederal Expenses	<u>234,496,488</u>	<u>70.9%</u>
Total Schedule B	<u>\$ 330,808,731</u>	<u>100.0%</u>

* Loan amounts are included on SEFA schedule.

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

**State of Illinois
Western Illinois University
Undergraduate Tuition and Fee Waivers (Unaudited)
For the Year Ended June 30, 2010**

	Tuition Waived			Fees Waived	
	Number of Recipients *	Number of Recipients *	Value of Waivers (In Thousands)	Number of Recipients *	Value of Waivers (In Thousands)
<u>MANDATORY WAIVERS</u>					
<u>(SUBTOTAL)</u>	<u>741</u>	<u>741</u>	<u>\$ 2,463.2</u>	<u>51</u>	<u>\$ 71.1</u>
Teacher Special Education	41	41	200.1	36	53.0
General Assembly	106	106	565.9		
ROTC	35	35	227.8		
DCFS	16	16	66.3	14	17.2
Children of Employees	180	180	416.6		
Senior Citizens	3	3	5.0	1	0.9
Honorary Scholarships					
Veterans Grants & Scholarships**	360	360	981.5		
Other (please specify) ***					
<u>DISCRETIONARY WAIVERS</u>					
<u>(SUBTOTAL)</u>	<u>744</u>	<u>732</u>	<u>2,410.5</u>	<u>53</u>	<u>20.3</u>
Faculty/Administrators	10	10	11.7	6	2.2
Civil Service	98	98	142.9	42	16.3
Academic/Other Talent	288	288	676.1		
Athletic	220	205	941.3		
Gender Equity in					
Intercollegiate Athletics	122	125	631.5		
Foreign Exchange Students					
Out-of-State Students					
Foreign Students					
Student Need-Financial Aid					
Student Need-Special Programs					
Cooperating Professionals	5	5	3.6	4	0.7
Research Assistants					
Teaching Assistants					
Other Assistants					
Student Employment					
Interinstitutional/Related Agencies					
Retired University Employees					
Children of Deceased Employees	1	1	3.4	1	1.1
Contract/Training Grants					
All Other (please specify)**					
TOTAL	<u>1,485</u>	<u>1,473</u>	<u>\$ 4,873.7</u>	<u>104</u>	<u>\$ 91.4</u>

* Unduplicated

** Illinois Veterans Grants (ISAC), Illinois National Guard Grants (ISAC), and POW/MIA Scholarships (Department of Veterans Affairs). Include only the waived (unfunded) portion of these grants.

*** Other waiver categories must be approved by the Board of Higher Education prior to reporting.

State of Illinois
Western Illinois University
Graduate Tuition and Fee Waivers (Unaudited)
For the Year Ended June 30, 2010

	Tuition Waived			Fees Waived	
	Number of Recipients *	Number of Recipients *	Value of Waivers (In Thousands)	Number of Recipients *	Value of Waivers (In Thousands)
MANDATORY WAIVERS					
(SUBTOTAL)	4	4	\$ 11.1	3	\$ 2.2
Teacher Special Education	4	4	11.1	3	2.2
General Assembly					
ROTC					
DCFS					
Children of Employees					
Senior Citizens					
Honorary Scholarships					
Veterans Grants & Scholarships**					
Other (please specify) ***					
DISCRETIONARY WAIVERS					
(SUBTOTAL)	1,065	1,065	3,712.4	182	50.6
Faculty/Administrators	60	60	93.7	48	16.5
Civil Service	64	64	101.7	37	14.9
Academic/Other Talent	7	7	10.5		
Athletic					
Gender Equity in					
Intercollegiate Athletics					
Foreign Exchange Students					
Out-of-State Students					
Foreign Students					
Student Need-Financial Aid					
Student Need-Special Programs					
Cooperating Professionals	209	209	264.0	97	19.2
Research Assistants	626	626	2,892.6		
Teaching Assistants	85	85	261.9		
Other Assistants	14	14	88.0		
Student Employment					
Interinstitutional/Related Agencies					
Retired University Employees					
Children of Deceased Employees					
Contract/Training Grants					
All Other (please specify)**					
TOTAL	1,069	1,069	\$ 3,723.5	185	\$ 52.8

* Unduplicated

** Illinois Veterans Grants (ISAC), Illinois National Guard Grants (ISAC), and POW/MIA Scholarships (Department of Veterans Affairs). Include only the waived (unfunded) portion of these grants.

*** Other waiver categories must be approved by the Board of Higher Education prior to reporting.