

**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, 2012**

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, 2012**

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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, 2012

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Related Report Published Under a Separate Cover

Western Illinois University Financial Audit for the Year Ended June 30, 2012

**State of Illinois
Western Illinois University**

University Officials

President	Dr. Jack Thomas
Provost and Academic Vice President	Dr. Kenneth Hawkinson
Vice President for Student Services	Dr. Gary Biller
Vice President for Administrative Services	Ms. Julie DeWees (Effective 04/01/12 to present) (Interim 06/30/11 to 03/31/12)
Vice President for Advancement and Public Services	Mr. Brad Bainter
Vice President for Quad Cities and Planning	Dr. Joseph Rives
Assistant Vice President for Administrative Services	Ms. Dana Biernbaum
Director of Internal Auditing	Ms. Rita M. Moore
Assistant Comptroller	Ms. Barbara Thompson
Assistant Comptroller	Ms. Cheryl Webster
Assistant Comptroller	Ms. Lisa Hinman

University offices are located at:

Macomb Campus
1 University Circle
Macomb, Illinois 61455-1390

Quad Cities Campus
3300 River Drive
Moline, Illinois 61265-5881



**WESTERN
ILLINOIS
UNIVERSITY**

March 18, 2013

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

Ladies and Gentlemen:

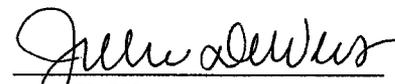
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Western Illinois University (University). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements, except as disclosed to the auditors during the engagement. We have performed an evaluation of the University's compliance with the following assertions during the year ended June 30, 2012. Based on this evaluation, we assert that during the year ended June 30, 2012, 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


Jack Thomas, Ph.D.
President


Julie DeWees
VP for Administrative Services


Dana Biernbaum
Assistant VP for Administrative
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	Compliance Report	Prior Compliance Report
Findings	9	7
Repeated findings	4	3
Prior recommendations implemented or not repeated	3	3

Schedule of Findings and Questioned Costs

Item No.	Page	Description	Finding Type
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
12-1	16	Inadequate Controls Over University Property and Equipment	Significant Deficiency
12-2	20	Inadequate Controls Over Reporting Accrued Compensated Absences	Significant Deficiency
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
12-3	23	Inadequate Controls Over Awarding of Grants and Loans	Noncompliance and Significant Deficiency
12-4	25	Inadequate Controls Over Reporting of Student Data	Noncompliance and Significant Deficiency
12-5	28	Inadequate Performance of Verification Procedures	Noncompliance and Significant Deficiency

**State of Illinois
Western Illinois University**

Schedule of Findings and Questioned Costs (Continued)

Item No.	Page	Description	Finding Type
FINDINGS (STATE COMPLIANCE)			
12-6	31	Noncompliance with the Campus Security Enhancement Act	Noncompliance and Significant Deficiency
12-7	33	Noncompliance with Required Contracting Procedures	Noncompliance and Significant Deficiency
12-8	36	Inadequate Controls Over Time Reporting	Noncompliance and Significant Deficiency
12-9	38	Subsidies Between Accounting Entities	Noncompliance and Significant Deficiency

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.

12-1	16	Inadequate Controls Over University Property and Equipment	Noncompliance and Significant Deficiency
12-2	20	Inadequate Controls Over Reporting Accrued Compensated Absences	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

A	39	Inaccurate Accounting for Participation in Public Entity Risk Pool
B	39	Employee Timesheets Were Not Adequate
C	39	Untimely Approval and Payment of Vouchers

Exit Conference

The University waived having an exit conference in a letter dated January 24, 2013 from Barbara Thompson, Assistant Comptroller.

Responses to the recommendations were provided by Barbara Thompson, Assistant Comptroller, in a letter dated February 7, 2013.



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

**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 (University) 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, 2012. The management of the University is responsible for compliance with these requirements. Our responsibility is to express an opinion on the University's compliance based on our examination.

- 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.

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

In our opinion, the University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2012. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 12-1, 12-2, 12-6, 12-7, 12-8, and 12-9.

Internal Control

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the 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 the University's internal control over compliance.

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 an entity's 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 requirement listed in the first paragraph of this report 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. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as 12-1, 12-2, 12-6, 12-7, 12-8, and 12-9. A *significant deficiency in an entity's internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the University and its discretely presented component unit as of and for the year ended June 30, 2012, and have issued our report thereon dated March 18, 2013, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. 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. We have not performed any procedures with respect to the audited financial statements subsequent to March 18, 2013. The accompanying supplementary information for the year ended June 30, 2012 in Schedules 1 through 12 and Schedules 15 through 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the University. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2012 in Schedules 1 through 12 and Schedules 15 through 22 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2012 in Schedules 1 through 12 and Schedules 15 through 22 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the University's basic financial statements for the year ended June 30, 2011, and have issued our report thereon dated February 8, 2012, which contained unqualified opinions on the respective financial statements of the business-type activities of the University and its discretely presented component unit. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. 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 for the year ended June 30, 2011 in Schedule 3, Schedules 5 through 8, Schedule 10 and Schedule 12 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2011 financial statements. The accompanying supplementary information for the year ended June 30, 2011 in Schedule 3, Schedules 5 through 8, Schedule 10 and Schedule 12 has been subjected to the auditing procedures applied in the audit of the June 30, 2011 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2011 in Schedule 3, Schedules 5 through 8, Schedule 10 and Schedule 12 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section and Schedules 13 through 14 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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.

C. C. Glynn & Co. LLP
Chicago, Illinois
March 18, 2013



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

**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 aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2012, which collectively comprise the University's basic financial statements and have issued our report thereon dated March 18, 2013. 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

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings as items 12-1 and 12-2 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a 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.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 them.

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.

E. C. Gray 3 C. C. P.
Chicago, Illinois
March 18, 2013



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

**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 the Western Illinois University's (University) 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 the University's major federal programs for the year ended June 30, 2012. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

The schedule of expenditures of federal awards and our audit described below does not include expenditures of federal awards for those agencies determined to be component units of the University for financial statement purposes.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our

opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 12-3, 12-4, and 12-5.

Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the 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 the 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 12-3, 12-4, and 12-5. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities of the 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, 2012, and have issued our report thereon dated March 18, 2013, which contained unqualified opinions on those financial statements. Our report was modified to include 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 conducted for the purpose of forming our opinions on the financial statements that collectively comprise the University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to March 18, 2013. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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.

C. C. G. & C. LLP
Chicago, Illinois
March 18, 2013

**State of Illinois
 Western Illinois University
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2012**

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? 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:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan Program Federal Capital Contributions
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants
84.379	Teacher Education Assistance for College and Higher Education (TEACH) Grants

**State of Illinois
 Western Illinois University
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2012**

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>
	Research and Development Cluster:
10.310	Agriculture and Food Research Initiative (AFRI)
11.307	Economic Adjustment Assistance
12.431	Basic Scientific Research
15.608	Fish and Wildlife Management Assistance
15.615	Cooperative Endangered Species Conservation Fund
15.650	Research Grants (Generic)
15.662	Great Lakes Restoration
47.050	Geosciences
47.074	Biological Sciences
47.082	ARRA - Trans-NSF Recovery Act Research Support
66.460	Nonpoint Source Implementation Grants
84.327A	Special Education_Technology and Media Services for Individuals with Disabilities
93.395	Cancer Treatment Research
20.509	Formula Grants for Other Than Urbanized Areas
84.002	Adult Education - Basic Grants to States
84.173	Special Education_Preschool Grants
84.195N	Bilingual Education Professional Development
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, 2012**

Current Findings - *Government Auditing Standards*

Finding No. 12-1 - Inadequate Controls Over University Property and Equipment

Western Illinois University (University) had not established adequate internal controls over property records to ensure proper calculation and recording of depreciation expense. In addition, the management control created to determine whether additions to property and equipment are adequately supported, properly reported, and accurately recorded was not operating as intended.

During our review of the University's capital assets, the following were noted:

- Nine of 25 (36%) assets examined were not accurately depreciated during fiscal year 2012. Through further examination of all capital assets, it was determined that depreciation expenses on capital assets with additional capitalized costs in a fiscal year subsequent to the capitalized fiscal year were incorrectly calculated. To calculate depreciation expenses on these assets, the University's fixed assets inventory system rounds down the assets' useful lives by omitting the last two decimal digits (i.e., asset net useful life of 6.67 years was replaced by 6 years). Thus, useful lives of these assets were shortened which resulted in net overstatement of the University's depreciation expense and corresponding accumulated depreciation by approximately \$76,675 in FY 2012.
- One of 4 (25%) quarterly Agency Reports of State Property (Form C-15) filed with the Illinois Office of the Comptroller during fiscal year 2012 was not accurate. The Form C-15 did not include the cost of equipment transferred by the Capital Development Board (CDB) to the University through the CDB Agency Turnover Report, during the second quarter of fiscal year 2012, totaling \$1,724,308. The equipment was properly recorded in the University's financial statements as of fiscal year ended June 30, 2012.
- Seventeen pieces of furniture (classroom podiums), individually amounting to more than \$500, totaling \$69,943, were purchased during fiscal year 2012, but were not supported by an affidavit filed with the Department of Central Management Services (DCMS). The affidavit should list the reasons why the furniture must be purchased new as opposed to obtaining the equipment from the surplus property.
- One of 37 (3%) capital asset additions examined pertains to an equipment item donated by a federal agency in February 2012 which was erroneously recorded at historical cost and was depreciated for the full amount during fiscal year 2012. This error caused the depreciation expense and accumulated depreciation to be overstated by \$348,000. The donated asset had zero net book value at the time of donation.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - *Government Auditing Standards* (Continued)

**Finding No. 12-1 - Inadequate Controls Over University Property and Equipment
(Continued)**

During the current year, the University reviewed its existing procedures to resolve prior year's issues on property and equipment however, the University did not update the fixed assets inventory system and correct miscalculations on capital asset depreciation.

The University calculates its depreciation using the straight line depreciation method by spreading the cost evenly over the life of the fixed assets. According to University policy, additional capitalized costs are depreciated over the remaining useful life of the main asset. Government Accounting Standards Board (GASB) Statement No. 34 paragraph 22, states that depreciation expense should be measured by allocating the net cost of depreciable assets (historical cost less estimated salvage value) over their estimated useful lives in a systematic and rational manner.

The Statewide Accounting Management System (SAMS) Procedure 29.10.30 states that when an agency receives durable, movable equipment purchased by the CDB, the equipment should be recorded on the agency's property records as the equipment is received, and the equipment should be reported on the Form C-15 in the period during which the equipment's cost is transferred from the CDB.

The State Property Control Act (30 ILCS 605/7a) requires that State agencies that desire to purchase new furniture with a purchase price of \$500 or more, shall first check with the DCMS to determine if any of the surplus furniture under the DCMS control can be used in place of new furniture. If an agency finds that it is unable to use the surplus property, the agency shall file an affidavit with the DCMS prior to any purchase specifying the types of new furniture to be bought, the quantities of each type of new furniture, the cost per type, the total cost per category, and the reasons why the furniture must be purchased new as opposed to obtaining it from surplus property.

GASB Statement No. 34 paragraph 18 requires that donated capital assets should be reported at their estimated fair value at the time of acquisition plus ancillary charges, if any.

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

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - *Government Auditing Standards* (Continued)

**Finding No. 12-1 - Inadequate Controls Over University Property and Equipment
(Continued)**

University management stated the overstatement of depreciation expense and the corresponding accumulated depreciation is due to system limitations for fixed assets with additional capitalized costs after the initial capitalization year. University management also stated the University received a cash advance from CDB for \$1.724 million during the second quarter to facilitate efficient management of purchases for startup costs at the Riverfront Campus. The transfer of cash had not been a normal practice between the University and CDB and this led to the inaccurate data on Form C-15. In addition, non filing of affidavit with the DCMS prior to the purchase of furniture was due to oversight. Management stated that the staff who recorded the capital addition overlooked that the item was donated; thus, it was not recorded at fair market value.

Failure to properly calculate depreciation may result in the overstatement or understatement of capital asset records and an inaccurate presentation of the University's financial statements. Inaccurate property reporting reduces the reliability of University capital asset information and accountability for State property. Failure to submit new furniture affidavits prior to purchases may result in unnecessary expenditures of State funds. (Finding Code Nos. 12-1 and 11-1)

Recommendation

We recommend the University make the necessary adjustments to its capital asset depreciation calculations to ensure all assets have the correct depreciation amounts and book values at year end. Specifically, the University should work with its system administrators to update the values in the fixed assets inventory system so that these miscalculations do not continue in the future. We also recommend the University seek necessary reporting guidance to ensure equipment additions are timely and accurately recorded and C-15 reports are properly completed. Internal controls should be implemented to ensure new furniture affidavits are filed with DCMS and required approval is obtained from DCMS prior to purchasing furniture amounting to \$500 or more. Further, controls should be strengthened to ensure donated assets are recorded at fair market value on the date of acquisition and depreciated over the asset's estimated useful life.

University Response

The University agrees with the finding. The University has modified its procedures for adding capitalized costs after the initial capitalization year to ensure correct depreciation expense and book values at year end. Additional controls for accurate completion of the C-15 report have

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - *Government Auditing Standards* (Continued)

**Finding No. 12-1 - Inadequate Controls Over University Property and Equipment
(Continued)**

been implemented. The University will strengthen controls to ensure new furniture affidavits are filed with DCMS when applicable. Donated capital assets will be reviewed on a case-by-case basis to ensure accurate recording of the value and depreciation calculation at the time of acquisition.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - *Government Auditing Standards* (Continued)

Finding No. 12-2 - Inadequate Controls Over Reporting Accrued Compensated Absences

Western Illinois University (University) did not have adequate controls in place for identifying and reporting the University's liability for accrued compensated absences.

The liability for accrued compensated absences reported on the University's financial statements amounted to \$12,069,598 as of June 30, 2012. During our review of supporting documentation for the sick and vacation historical transaction report against the recorded liability for accrued compensated absences for 79 employees, the following were noted:

- Sick leave accruals totaling \$47,540 were not recorded for 4 faculty employees. Of this amount, \$46,155 pertains to the sick leave balances of 3 faculty employees who elected to be paid on Irrevocable Election to Retire (IER) payment plans. The IER is an installment payment plan which allows eligible employees to be paid unused sick leave accruals over a period of time (not exceeding 24 months) prior to the actual retirement date. Also, the unused sick leave of 1 faculty employee under the regular plan, amounting to \$1,385, was not accrued at year end although the employee had a net sick leave hours balance reported in the sick and vacation historical transaction report.
- Vacation leave accruals totaling \$12,998 were not recorded for 3 faculty employees. Of this amount, \$12,140 pertains to 2 faculty employees with vacation leave hours reported in the sick and vacation historical transaction report but no corresponding amount was accrued at year end. Also, a portion of vacation leave accrual of a full-time temporary faculty employee of over a year, amounting to \$858, was not accrued at year end.
- Vacation leave accruals totaling \$15,034 were erroneously recorded at year end for 4 employees. Of this amount, \$13,651 was accrued for two administrative employees who were on a 9-month contract. These employees were not eligible for vacation accrual but were assigned an erroneous leave code in the system that caused the incorrect accrual at year end. In addition, accrued vacation leave totaling \$1,383 was recorded for 2 employees (faculty/administrative) for vacation leaves already taken.

Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences*, requires that vacation leave, sick leave, and other compensated absences with similar characteristics be accrued as a liability as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means such as cash payments at termination or retirement (termination payments).

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - *Government Auditing Standards* (Continued)

Finding No. 12-2 - Inadequate Controls Over Reporting Accrued Compensated Absences (Continued)

The University Policy on IER per WIU-UPI Bargaining Agreement Section 27.7.g.3 (Unit A Faculty) and Section 41.7.h (Unit B Faculty) states the University's policy on sick leave buy out for faculty IER is pursuant to the Illinois Pension Code (40 ILCS 5/15 et. seq.).

The State Finance Act (30 ILCS 105/14a (f)) dictates how accrued sick leave and related payouts shall be computed upon employee separation.

Board of Trustees' (BOT) Regulations on vacation and sick leave for faculty and administrative employees state that upon termination of employment, an employee shall be entitled to a lump sum payment for accrued vacation leave. The BOT Regulations state terms and calculation of lump sum payments for eligible vacation leave days.

BOT Regulations on vacation leave accrual of temporary employees states that an employee hired specifically for a full-time temporary position, who is appointed to said position for more than one consecutive fiscal year, shall be eligible for vacation leave.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies establish internal fiscal and administrative controls to provide assurance that obligations and costs are in compliance with applicable law; and that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

University management stated the errors in the accrual of compensated absences were mainly due to system errors and oversight.

Failure to implement adequate internal control procedures for identifying, calculating and reporting the University's liability for accrued compensated absences may result in misstatement of the University's financial statements. This also could result in incomplete and inaccurate disclosure of compensated absences liability and noncompliance with University policies and State statutes. (Finding Code No. 12-2)

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - *Government Auditing Standards* (Continued)

Finding No. 12-2 - Inadequate Controls Over Reporting Accrued Compensated Absences (Continued)

Recommendation

We recommend the University implement adequate controls to ensure that financial information on employee vacation and sick leave accruals is complete and accurate. Specifically, the University should work with its system administrators to update the values and codes in the payroll system so that discrepancies with sick and vacation leave historical transaction reports are timely resolved and errors will be avoided and/or timely detected. Further, monitoring and oversight procedures should be implemented on the review and confirmation of employee time cards.

University Response

The University agrees with the finding and will establish appropriate procedures to ensure accurate financial information related to employee vacation and sick leave accruals. Review of the controls for monitoring and performing reconciliations of vacation and sick leave accruals is in process.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - Federal Compliance

Finding No. 12-3 - Inadequate Controls Over Awarding of Grants and Loans

Federal Agency: U. S. Department of Education
Program Name/FY12 Expenditures: Federal Pell Grant Program/\$18,403,556
CFDA#: 84.063
Questioned Costs: None

Federal Agency: U. S. Department of Education
Program Name/FY12 Expenditures: Federal Direct Student Loans/\$80,661,075
CFDA#: 84.268
Questioned Costs: None

Western Illinois University (University) did not have adequate controls to ensure federal grants and loans were awarded to students in accordance with federal regulations.

During our review of the grants and loans awarded to students, we noted the following:

- The federal Pell grant awarded to 1 of 40 (3%) students tested was incorrect. In this instance, the Pell award should have been \$1,200 based on the student's expected family contribution (EFC) and cost of attendance from the payment and disbursement schedules published by the U.S. Department of Education (ED). The University only awarded \$1,100, thus the student was under awarded by \$100. After notification by the auditors, the University corrected the Pell award of the student. WIU awarded a total of \$18,403,566 Pell grants during fiscal year 2012.
- The federal direct student loan awarded to 1 of 40 (3%) students tested was in excess of the aggregate subsidized and unsubsidized loan limits. Federal direct loans have annual and aggregate limits that are the same for all students at a given grade level and dependency status. The student, an independent undergraduate, received a total subsidized loan of \$23,333 as of June 30, 2012, which is \$333 over the subsidized loan limit of \$23,000. In addition, the student was awarded unsubsidized loan funds totaling \$3,837 for the 2011-2012 academic year. The student's aggregate subsidized and unsubsidized loan as of June 30, 2012 was \$59,041, which was \$1,541 over the aggregate subsidized and unsubsidized loan limit of \$57,500. During April 2012, the Financial Aid Advisor discovered the over award made to the student. The Advisor required the student to sign a re-affirmation letter, which is an agreement acknowledging the debt and affirming his or her intention to repay the excess amount as part of the normal repayment process. WIU awarded a total of \$80,661,075 federal direct student loans during fiscal year 2012.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - Federal Compliance (Continued)

Finding No. 12-3 - Inadequate Controls Over Awarding of Grants and Loans (Continued)

During the current year, the University ensured that award calculation was based on the current Disbursement Schedule published by the ED; however, the University did not ensure that the correct Pell grant amount was awarded to a student.

The Code of Federal Regulations (34 CFR 690.62 (a)) requires that the amount of a student's Pell grant for an academic year should be based upon the payment and disbursement schedules published by the Secretary of the U.S. Department of Education for each award year.

The Code of Federal Regulations (34 CFR 685.203) states that the amount an independent undergraduate student may borrow in aggregate under the Federal Direct Stafford/Ford Loan Program in combination with the Federal Stafford Loan Program may not exceed \$57,500 (subsidized loan portion may not exceed \$23,000).

University management stated that staff made changes to Institutional Student Information Records and did not check to make sure the revised EFC matched the recalculation. Management stated the excess federal student loan awarded was due to incorrect data in the National Student Loan Data System (NSLDS). The NSLDS system reflected incorrect balances in pending disbursements and outstanding principal balance used to determine loan eligibility.

Failure to properly determine financial aid awards and loan amounts may result in over or under award to eligible students, loans in excess of allowable limits, and noncompliance with the Code of Federal Regulations. (Finding Code Nos. 12-3 and 11-3)

Recommendation

We recommend the University review its current procedures for awarding Pell grants and Federal Perkins Loans to ensure student financial assistance awarded to students is in accordance with the Code of Federal Regulations. We also recommend staff be adequately trained to ensure that Pell grants awarded are properly calculated.

University Response

The University agrees with the finding. The University will provide additional reminders to advisors about rechecking EFCs after submitting corrections as part of ongoing training. The University will continue to rely on NSLDS data at the time of awarding and to resolve discrepancies as they are identified.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - Federal Compliance (Continued)

Finding No. 12-4 - Inadequate Controls Over Reporting of Student Data

Federal Agency: U. S. Department of Education
Program Name/FY12 Expenditures: Federal Pell Grant Program/\$18,403,556
CFDA#: 84.063
Questioned Costs: None

Federal Agency: U. S. Department of Education
Program Name/FY12 Expenditures: Federal Direct Student Loans/\$80,661,075
CFDA#: 84.268
Questioned Costs: None

Federal Agency: U. S. Department of Education
Program Name/FY12 Expenditures: Federal Perkins Loan Program Federal Capital
Contributions/\$2,278,253
CFDA#: 84.038
Questioned Costs: None

Western Illinois University (University) did not have adequate controls over reporting of disbursement dates to the Common Origination and Disbursement (COD) system.

All schools receiving Pell grants submit Pell payment data to the U.S. Department of Education (ED) through the COD system. All institutions that participate in the Federal Direct Student Loan program are required to submit loan disbursement records to the Direct Loan Servicing System via the COD system. During our review of Pell grants and direct student loan disbursements for award year 2011-2012, we noted the following:

- Pell disbursement dates reported to the COD system were not accurate. During the Fall 2011 term, the Pell disbursement date reported to the COD system for 1 of 40 (3%) students tested differed by 1 day from the disbursement date per University records. The University used its institutional funds to disburse the Pell award to the student earlier than 10 days before the first day of classes. However, the disbursement date may not be reported from federal fund more than 10 days before the beginning of classes. In addition, the Pell disbursement during the Fall 2011 term for 1 of 40 (3%) students tested was reported to the COD system 20 days late after the 30-day grace period.

During the Fall 2011 term, direct loan disbursement dates reported to the COD system for 20 of 40 (50%) students tested differed by one business day from the disbursement dates per University records.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - Federal Compliance (Continued)

Finding No. 12-4 - Inadequate Controls Over Reporting of Student Data (Continued)

During the current year, programming changes were implemented to ensure the financial aid system provided accurate and timely student information, however the issue on reporting Pell disbursement dates to the COD system was unresolved from the prior year's examination.

Further, the University did not have adequate controls over reporting of Federal Perkins Loan disbursements to the National Student Loan Data System (NSLDS).

Institutions are responsible for submitting data on borrowers listed on the NSLDS roster. The NSLDS is a national database where institutions report loan information and other financial aid awarded to students under Title IV, including Federal Perkins Loan.

During our review of student loans reported to NSLDS, we noted the following:

- The Federal Perkins Loan information for one of 17 (6%) students tested was overstated by \$1,475. This is attributable to a loan amounting to \$1,475 which was initially credited to the student's account on 08/16/2011, debited/removed on 08/23/2011, and credited again on 08/24/2011. Both loan credits were reported by the University, which resulted in the overstatement of the student's loan balance in NSLDS. After the auditor's notification, the University contacted NSLDS to correct the loan balance of the student.

The Code of Federal Regulations (34 CFR 668.164(a)) states that Title IV funds are disbursed on the date the institution credits a student's account at the institution or pays a student or parent directly. For an institution that credits a student's account with institutional funds in advance of receiving Title IV program funds, the Secretary of the U.S. Department of Education (ED) considers that the institution makes that disbursement no earlier than the 10th day before the first day of classes. In addition, 34 CFR 685.301(2) states that a school shall provide to ED borrower information that includes actual disbursements date or dates.

Office of Management and Budget (OMB) No. 1845-0039 states institutions must report student payment data within 30 calendar days after the school makes the payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data.

OMB No. 1845-0035 requires educational institutions to report Federal Perkins Loan information in NSLDS. NSLDS also requires that errors in the transmission of loan information be corrected by the reporting institution within a reasonable timeframe.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - Federal Compliance (Continued)

Finding No. 12-4 - Inadequate Controls Over Reporting of Student Data (Continued)

University management stated the discrepancy on disbursement dates reported between the University and ED was not identified in a timely manner because Pell reconciliations were not consistently performed. Also, system issues encountered by the University at the start of the Fall 2011 semester led to an extra day in processing files. While the system issues were resolved, the University did not detect the disbursement date discrepancy.

Management stated the department identified an error in the loan amount posted to the student account after submission of the data to NSLDS. The procedure to remove the loan was done incorrectly which led to the inaccurate data submission to NSLDS. In addition, no error report was received from NSLDS for the discrepancy. Further, management stated the move to a web-based NSLDS system in March 2010 caused system issues during the transmission of data to NSLDS.

Reporting accurate information to NSLDS is critical for effective administration of the Title IV student loan programs. In addition, reporting inaccurate and late loan disbursement information to the COD system results in noncompliance with OMB No. 1845-0039 and federal regulations. (Finding Code Nos. 12-4 and 11-4)

Recommendation

We recommend the University ensure its financial aid system provides accurate and timely student information as the source for COD system and NSLDS reports. Monitoring procedures to identify and detect discrepancies in reporting student information to COD/NSLDS should be performed timely. Also, all system issues should be addressed to avoid errors in data transmission to COD and NSLDS.

University Response

The University agrees with the finding. The University will change procedures to ensure the date awards are credited to the student account matches the disbursement date. Pell reconciliations are now performed every two week to prevent late reporting to COD. Procedures for posting awards to the student account as well as removing awards have been revised to avoid inaccurate data submission to NSLDS.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - Federal Compliance (Continued)

Finding No. 12-5 - Inadequate Performance of Verification Procedures

Federal Agency: U. S. Department of Education
Program Name/FY12 Expenditures: Student Financial Assistance Cluster/\$102,237,449:
Federal Supplemental Education Opportunity Grants (a)
Federal Work-Study Program (b)
Federal Perkins Loan Program Federal Capital
Contributions (c)
Federal Pell Grant Program (d)
Federal Direct Student Loans (e)
National Science and Mathematics Access to Retain
Talent (SMART) Grants (f)
Teacher Education Assistance for College & Higher
Education (TEACH) Grants (g)
CFDA#: 84.007 (a), 84.033 (b), 84.038 (c), 84.063 (d), 84.268 (e),
84.376 (f), and 84.379 (g)
Questioned Costs: None

Western Illinois University (University) did not adequately perform required verification procedures to ensure accuracy of information reported by the students in their Institutional Student Information Records (ISIR).

The U.S. Department of Education (ED) requires schools participating in student financial assistance programs to perform verification procedures in order to determine the accuracy of the information reported by the students in the ISIR which affects the Expected Family Contribution (EFC). The EFC determines the types and amounts of federal student financial aid each applicant is eligible to receive. The Central Processor, a service organization contracted by the ED, selects the students who will be subjected for verification and notifies the University. The University then verifies the ISIR for all students selected by comparing information in the ISIR against the verification worksheet completed by the student (e.g. student, household and income information) and a copy of the student and parents' income tax returns.

During our review of 40 students selected for verification by the Central Processor, we noted the following errors, which were not identified by the University during their verification procedures:

- One student's ISIR erroneously reported the number of family members in the household who are enrolled as at least half-time students in a postsecondary educational institution. The verification worksheet reported two family members in this category, whereas the ISIR had only one. The error resulted in an overstatement of student's EFC by \$1,801. Upon the

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - Federal Compliance (Continued)

Finding No. 12-5 - Inadequate Performance of Verification Procedures (Continued)

auditor's notification, the University recalculated the student's EFC, which entitled the student to an additional \$1,800 Pell award for the academic year.

- One student's ISIR did not reflect an untaxed benefit of \$1,500 relating to an educational credit as reported in the tax return submitted to the University. This amount should be subtracted from taxable income, thereby increasing aid eligibility. Upon the auditor's notification, the University recalculated the student's EFC, which resulted in an additional \$300 Pell award for the academic year.
- The University did not require one student to confirm child support received, as reported in the ISIR, was correct.

To determine the applicant's EFC, the Code of Federal Regulations (34 CFR 668.56) states that an institution shall require selected applicants to verify student aid application information, as well as any information used to calculate an applicant's EFC that the institution has reason to believe is inaccurate. Information that must be verified or updated includes adjusted gross income, U.S. income tax paid, aggregate number of family members in the household, number of family members in the household attending postsecondary educational institutions if that number is greater than one, and untaxed income and benefits.

University management stated that exceptions noted were due to advisors' errors in the review process of the student files. Management stated the Financial Aid office has experienced a greater than normal turnover in advisor positions in the last two years.

Failure to properly perform verification procedures in accordance with federal regulations may result in unallowable costs and/or inaccurate federal awards granted to eligible students due to incorrect EFC basis. (Finding Code No. 12-5)

Recommendation

We recommend the University perform the required verification procedures in accordance with federal regulations to ensure information used to calculate EFC is complete and reviewed during the verification process. We also recommend the University ensure that all advisors are adequately trained to perform the required verification procedures. Further, oversight review should be conducted, as necessary, on work performed by new advisors to avoid and/or timely detect errors.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - Federal Compliance (Continued)

Finding No. 12-5 - Inadequate Performance of Verification Procedures (Continued)

University Response

The University agrees with the finding. The University will continue ongoing training for all advisors. Updated programming will provide an enhanced verification checklist for advisors in the future.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - State Compliance

Finding No. 12-6 - Noncompliance with the Campus Security Enhancement Act

Western Illinois University (University) did not fully comply with the Campus Security Enhancement Act of 2008 (Act) requirements in reporting arrest incidents and performance of pre-employment background checks.

When an individual is arrested, the arresting University Police Officer lodges the individual at the county jail and completes an incident data sheet detailing information related to the arrest. A representative of University Relations periodically reviews incident reports and compiles them in a crime report to be published on the University website and made available to the news media via email.

During the review of the University's compliance with the Act, we noted the following:

- Three of 25 (12%) arrest incidents reviewed were not made available to the news media. The crime reports published on the University website or provided via email to the news media did not include such arrest incidents.
- Twenty of 20 (100%) arrest incidents published in 19 crime reports did not make available information on the time/date that the individual was received, discharged, or transferred from the arresting agency's custody, for incarcerated individuals.
- The University did not have a formal written policy to require the completion of written background investigations prior to employing individuals to security-sensitive positions as required by the Act. Current University procedures require a background check before an offer of employment will be made to the selected candidate or prior to the completion of the candidate's probationary period, which is either 6 or 12 months, depending on the employee's classification. Three of four (75%) employees tested were hired to a security-sensitive position during fiscal year 2012 and background checks were performed 47-86 days after the employees' start of employment and prior to completion of the probationary period.

The Act (110 ILCS 12/15) requires that when an individual is arrested, certain information must be made available to the news media for inspection and copying as soon as practicable, but in no event shall the time period exceed 72 hours from the arrest. Information should include the time and date that the individual was received, discharged, or transferred from the arresting agency's custody, if incarcerated.

The Act (110 ILCS 12/5) also requires that each public institution of higher education shall, through written policy and procedures, identify security-sensitive positions and make

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - State Compliance (Continued)

**Finding No. 12-6 - Noncompliance with the Campus Security Enhancement Act
(Continued)**

provision for the completion of criminal background investigations prior to employing individuals in those positions.

University management stated they were not aware that all arrest incidents are required to be reported and made available to news media. Because of this, only violations relating to drugs, alcohol and criminal incidents were reported. Further, the time that the arrested individual was received, discharged or transferred from the custody of the Office of Public Safety was not available on the basic incident listing report used to compile information for distribution to news media thus, the information was not reported. University management also stated that due to the Illinois State Police's criminal record check processing time (approximately 2-6 weeks after date of request), campus departments were given flexibility by University management in offering positions prior to receiving investigation results.

Failure to provide complete information from arrest reports to the news media limits public accountability and transparency. Failure to perform background investigations prior to hiring individuals to security-sensitive positions is noncompliance with the Act. (Finding Code No. 12-6)

Recommendation

We recommend the University ensure compliance with the Act by performing pre-employment background checks and reporting required information for arrest incidents.

University Response

The University agrees with the finding. The University's senior administration is considering to adopt a written policy that would require pre-employment criminal background investigations of all post-offer candidates for employment not just those being hired into security-sensitive positions. In addition, the University will review current procedures to comply with the aforementioned Act regarding security-sensitive positions.

The arrests that were inadvertently not reported pertain to 1 traffic violation and 2 warrant of arrest incidents. The University is now including traffic violations, particularly those violations that result in the individual being taken into custody and transported to the McDonough County Jail. In addition, while the University has always included the time of arrest and if an individual was lodged in the McDonough County Jail, the University is now including the date and time an individual was transported and remanded to the custody of the McDonough County Jail.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - State Compliance (Continued)

Finding No. 12-7 - Noncompliance with Required Contracting Procedures

Western Illinois University (University) had not established adequate internal controls over contracts to ensure they contained all necessary provisions and were filed with the Illinois Office of the Comptroller (Comptroller) on a timely basis.

During our review of contracts executed during the year ended June 30, 2012, we noted the following:

- The University did not ensure that contractors selected for six of nine (67%) construction contracts tested adequately complied with the construction contract bidder requirements as outlined in the Illinois Procurement Code (Code). The responsible bidder requirements section in the bidding documentation provided to all bidders by the University required a responsible bidder to present satisfactory evidence of their compliance with each provision of the Code (30 ILCS 500/30-22). We noted five of 6 construction contracts had no proof of contractor's compliance for participation in apprenticeship and training programs. In addition, 3 construction contracts were not supported by an affidavit stating that the contractors will maintain an Illinois office as the primary place of employment for persons employed in the contract. These construction contracts pertain to mechanical, roof replacement, electrical, ventilation and general contract work, with contract amounts ranging from \$158,000 to \$1.5 million.
- Twenty of 25 (80%) large contracts tested did not include a Memorandum of Approval (MOA), which must be signed by the University President, Legal Counsel and Vice President for Administrative Services. The contracts ranged from \$287,022 to \$11.9 million and were filed with the Comptroller without the MOA.
- Two of 21 (10%) contracts tested were filed with the Comptroller prior to completion of the required MOAs. MOAs were completed 6 to 106 days after filing of contracts. Both were construction contracts amounting to approximately \$370,000 and \$1.3 million.
- One of 40 (3%) contracts was not filed timely with the Comptroller. The contract was filed 24 calendar days after the required timeframe. The contract was for the purchase of natural gas for use in the Physical Plant, amounting to \$1.25 million.

During the current year, the University established procedures to ensure that contracts and leases were executed prior to the start of the services or lease terms, however, the issue on timely completion of the required MOAs was unresolved from the prior year's examination.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - State Compliance (Continued)

Finding No. 12-7 - Noncompliance with Required Contracting Procedures (Continued)

The Code (30 ILCS 500/30-22) states that a bidder in a construction contract must comply with all the responsible bidder requirements and must present satisfactory evidence of that compliance to the University. These requirements include that the bidder and all bidder's subcontractors must participate in applicable apprenticeship and training programs approved by and registered with the United States Department of Labor's Bureau of Apprenticeship and Training (30 ILCS 500/30-22(6)). Another requirement is that the bidder must submit a signed affidavit stating that the bidder will maintain an Illinois office as the primary place of employment for persons employed in the construction authorized by the contract (30 ILCS 500/30-22(8)).

The Illinois Procurement Code (30 ILCS 500/20-80) stated that during fiscal year 2012, when a contract liability exceeding \$10,000 was 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.

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. No contract, contract renewal, order against a master contract, or any contract amendment of \$250,000 or more in a fiscal year may be filed with the Comptroller, nor may any authorization for payment pursuant to such documents be filed with the Comptroller, if the required signatures or approvals are lacking. Any person who, with knowledge the required signatures or approvals are lacking, either files or directs another to file documents or payment authorizations in violation of the Act shall be subject to discipline up to and including discharge.

The University management stated the bidder's form provided to contractors was not updated timely to include the provision in relation to the contractor maintaining an Illinois office as the primary place of employment. Also, evidence of apprenticeship programs was not submitted by some contractors and the University overlooked follow up on the missing documents. Management stated that contract issues related to MOAs and a contract not filed timely with the Comptroller were due to oversight.

Failure to complete required MOAs, filing contracts with the Comptroller prior to completion of required MOAs, untimely filing of contracts with the Comptroller, and failure to obtain satisfactory evidence of compliance with construction contract bidder requirements, result in reduced accountability and increased risk that apprenticeship, training, and employment requirements may not be met. (Finding Code Nos. 12-7, 11-6, and 10-4)

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - State Compliance (Continued)

Finding No. 12-7 - Noncompliance with Required Contracting Procedures (Continued)

Recommendation

We recommend the University establish appropriate procedures to ensure that all contracts and related forms are properly completed, approved, and timely filed with the Comptroller. The University should also obtain satisfactory evidence from construction contract bidders to ensure only qualified contractors are awarded the contracts.

University Response

The University agrees with the finding and will establish appropriate procedures to ensure that all contracts and related forms are properly completed, approved, and timely filed with the Comptroller. Further, the University will review the current contract bidding procedures to ensure that satisfactory evidence from contractors is collected and that only qualified bidders are awarded contracts.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - State Compliance (Continued)

Finding No. 12-8 - Inadequate Controls Over Time Reporting

Western Illinois University (University) did not have adequate controls to ensure time reports were correctly completed and adequately confirmed for faculty and administrative personnel.

All University employees are required to submit periodic time reports in accordance with University policies and procedures. The time report shows hours worked, vacation and sick leave usage, compensatory time used and compensatory hours worked (straight time, overtime, and double time). Each time report has to be confirmed by the employee and the employee's supervisor prior to payroll processing to verify accuracy of time reported. In the event that the employee and/or supervisor fails to timely confirm the time report, a partial system confirmation is performed by the Payroll Department for civil service employees or Office of the Provost and Academic Vice President for faculty and administrative employees, in order to facilitate payroll processing. The employee and/or supervisor are still required to subsequently confirm time reports.

During our review of the University's 313 time reports for 84 employees, the following were noted:

- Nineteen (6%) of 313 time reports tested and submitted by 15 employees were not confirmed by the employee and/or supervisor. The 15 employees consisted of 10 faculty, 2 graduate assistants and 3 administrative employees.
- Three (less than 1%) of 313 time reports tested and submitted by 2 employees were confirmed by the Office of the Provost and Academic Vice President on behalf of the employees but no documentation was provided to support that employee confirmations were subsequently obtained to ensure accuracy of time reports processed.
- Three (less than 1%) of 313 time reports tested and submitted by 2 employees were not properly completed. The employees consisted of an assistant technician and an office manager who were both civil service employees. The University erroneously overpaid these employees a total of \$769 during fiscal year 2012 based on improperly completed time reports.

Board of Trustees' Regulations and University policy on holiday closure, overtime and compensatory time detail eligible hours and rates.

University management stated errors occurred in time reporting were due to inadequate procedures in place to ensure accurate reporting and confirmations.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - State Compliance (Continued)

Finding No. 12-8 - Inadequate Controls Over Time Reporting (Continued)

Unconfirmed time reports and improper reporting of overtime increase the likelihood of inaccurate payroll computations and over payments. (Finding Code No. 12-8)

Recommendation

We recommend the University establish controls to ensure that overtime/compensatory time worked are properly reported and time reports for faculty and administrative personnel are timely confirmed in accordance with the University policy.

University Response

The University agrees with the finding. Review of the policies and procedures to ensure timely confirmation of time reports and accurate reporting of overtime/compensatory time is in process.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Current Findings - State Compliance (Continued)

Finding No. 12-9 - Subsidies Between Accounting Entities

Western Illinois University (University) subsidized operations of University activities between accounting entities during fiscal year 2012. Activities are functions which are self-supporting in whole or in part, which are directly related to instructional, research or service units.

During our testing of compliance with the Legislative Audit Commission's University Guidelines (University Guidelines), we noted the University Stores and Service Centers accounting entity had negative cash balances at the beginning and the end of the fiscal year totaling \$1.5 million and \$1.7 million, respectively. A negative cash balance is, in effect, an unrecorded interfund payable/receivable, thereby causing a subsidy between funds to occur. The University Stores and Service Centers operate stores and maintenance service centers for all units of the University. As of June 30, 2012, this accounting entity had accounts receivables and inventories totaling \$1.2 million.

The University Guidelines of 1982, as amended in 1997 (Chapter 3, Section D, Part 1) states "There shall be no subsidies between accounting entities. Subsidies include cash advances and interfund payables/receivables outstanding for more than one year."

University management stated that revenues generated by University Stores and Service Centers were not adequate to sustain the cost of its operations. To be able to continue to provide services to the University, other accounting entities subsidized a portion of its operation.

Subsidies between accounting entities result in other accounting entities incurring unrelated costs to fund operations of entities with negative cash balances. (Finding Code No.12-9)

Recommendation

We recommend the University annually review the activities of each accounting entity and ensure that fees charged for services are sufficient to cover expenditures and ensure that subsidies between accounting entities do not occur.

University Response

The University agrees with the finding. Review of the activities of each accounting entity as well as chargeback processes and pricing levels is in process.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Prior Findings Not Repeated

A. Inaccurate Accounting for Participation in Public Entity Risk Pool

In the prior examination, the University did not properly account for its participation in the State University Risk Management Association (SURMA) in accordance with accounting principles generally accepted in the United States of America (GAAP). The University did not record capital contributions to SURMA as an asset on the University's books or financial statements. Further, the University did not adequately monitor SURMA to ensure an annual audit was performed to assure accuracy of information reported to the University. (Finding Code No. 11-2)

Status: Not repeated

In the current examination, the University properly accounted for its participation in the SURMA in accordance with GAAP by recording the capital contributions based on the audited financial statements of SURMA as of June 30, 2012.

B. Employee Timesheets Were Not Adequate

In the prior examination, the University did not require all employees to submit timesheets as required by the State Officials and Employees Ethics Act. (Finding Code Nos. 11-5, 10-3, 09-3, 08-2, 07-3, 06-1, and 05-2)

Status: Not repeated

In the current examination, positive time reporting was fully implemented for all University employees.

C. Untimely Approval and Payment of Vouchers

In the prior examination, the University did not timely process vouchers and pay required interest. (Finding Code Nos. 11-7, 10-5, and 09-5)

Status: Not repeated

In the current examination, our testing did not identify significant delays in approval of voucher tested.

**State of Illinois
Western Illinois University
Supplementary Information for State Compliance Purposes
For the Year Ended June 30, 2012**

Summary

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

- Fiscal Schedules and Analysis:
 - Schedule of Expenditures of Federal Awards
 - Notes to the Schedule of Expenditures of Federal Awards
 - Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Changes in Capital Assets
 - 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
 - Schedules of Federal Expenditures, Nonfederal Expenses, and New Loans
 - Summary of Indirect Cost Reimbursements:
 - Statement of Sources and Applications
 - Calculation Sheet for Indirect Cost Carry-Forward (Unaudited)
 - Calculation of Current Excess Funds (Unaudited)
 - University Accounting Entities and Related Sources of Revenues and Purposes
 - 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, 2012**

Summary (Continued)

- Analysis of Operations (Unaudited):
 - University Functions and Planning Program (Unaudited)
 - Comments on the Percentage of Total Expenditures Represented by Administrative Costs (Unaudited)
 - 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 Board of Higher Education (Unaudited)
 - Analysis of Bookstore Operations (Unaudited)
 - University Guidelines, 1982 as amended 1997 (Unaudited):
 - Special Data Requirements for University Audits (Unaudited)
 - Summary of Western Illinois University Foundation Transactions with the University (Unaudited)
 - Undergraduate Tuition and Fee Waivers (Unaudited)
 - Graduate Tuition and Fee Waivers (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes, Schedules 1 through 12 and Schedules 15 through 22, presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived. The accountants' report also states the Analysis of Operations Section and Schedules 13 through 14, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

SCHEDULE 1

**State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2012 Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER:			
<u>DEPARTMENT OF EDUCATION</u>			
Federal Supplemental Education Opportunity Grants	(M) 84.007	P007A111313	\$ 359,427
Federal Work-Study Program	(M) 84.033	P033A111313	480,489
Federal Perkins Loan Program Federal Capital Contributions	(M) 84.038	P038A071313	2,278,253
Federal Pell Grant Program			
<i>Federal Pell - 2010-2011</i>	(M) 84.063	P063P101391	10,454
<i>Federal Pell - 2011-2012</i>	(M) 84.063	P063P111391	18,204,012
<i>Federal Pell - 2012-2013</i>	(M) 84.063	P063P121391	189,090
Federal Direct Student Loans			
<i>Federal Direct Student Loans - FY11</i>	(M) 84.268	P268K111391	136,211
<i>Federal Direct Student Loans - FY12</i>	(M) 84.268	P268K121391	80,524,864
National Science and Mathematics Access to Retain Talent (SMART) Grants	(M) 84.376	P376S101391	2,649
Teacher Education Assistance for College & Higher Education (TEACH) Grants			
<i>TEACH Grant - 2010-2011</i>	(M) 84.379	P379T111391	(1,000)
<i>TEACH Grant - 2011-2012</i>	(M) 84.379	P379T121391	53,000
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			<u>\$ 102,237,449</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
<u>DEPARTMENT OF AGRICULTURE</u>			
Agriculture and Food Research Initiative (AFRI)			
<i>Undergraduate Training & Research in Plant Breeding</i>	(M) 10.310	2010-85117-20535	\$ 105,865
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 105,865</u>
<u>DEPARTMENT OF COMMERCE</u>			
Economic Adjustment Assistance			
<i>Local Technical Assistance Flood Impact and Recovery Study</i>	(M) 11.307	06-69-05607	\$ 29,805
TOTAL DEPARTMENT OF COMMERCE			<u>\$ 29,805</u>
<u>DEPARTMENT OF DEFENSE</u>			
Basic Scientific Research			
<i>Near Net Shape Manufacturing For Current & Future Generation Armament Systems</i>	(M) 12.431	W15QKN-11-2-0008	\$ 3,403,631
TOTAL DEPARTMENT OF DEFENSE			<u>\$ 3,403,631</u>

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2012 Expenditures
RESEARCH AND DEVELOPMENT CLUSTER: (CONTINUED)			
<u>DEPARTMENT OF INTERIOR</u>			
Fish and Wildlife Management Assistance			
Passed-Through University of Illinois			
Asian Carp and Water Productivity II	(M) 15.608	P0484313	\$ 17,678
Asian Carp and Water Productivity III	(M) 15.608	P0558922	6,831
			<u>24,509</u>
Cooperative Endangered Species Conservation Fund			
Passed-Through Illinois Department of Natural Resources			
Monitoring Fungal Communities and Occurrence of White-Nose Bat Syndrome	(M) 15.615	RC11E53RI	15,707
Research Grants (Generic)			
Genetic Relationships of Decurrent False Aster	(M) 15.650	301818G092	3,000
Spatial Distribution of Indiana Bat Habitats	(M) 15.650	30181AG112	8,015
			<u>11,015</u>
Great Lakes Restoration			
Passed-Through Southern Illinois University			
Illinois River Asian Carp Molecular Identification	(M) 15.662	12-28	3,775
TOTAL DEPARTMENT OF INTERIOR			\$ 55,006
<u>NATIONAL SCIENCE FOUNDATION</u>			
Geosciences			
Biogenic Cave Carbonates	(M) 47.050	EAR-0719710	\$ 1,348
Tornadic Vortices	(M) 47.050	AGS-1137153	41,032
			<u>42,380</u>
Biological Sciences			
RUI: Deciphering Plant-Herbivore Interactions	(M) 47.074	DBI-0820367	15,036
Dynamics of Plant-Soil Feedbacks in Changing Environments	(M) 47.074	DEB-0919510	93,721
			<u>108,757</u>
Trans-NSF Recovery Act Research Support			
ARRA - RUI: Selective Oxidative Transformations Using Water-Soluble Hypervalent Iodine Reagents	(M) 47.082	CHE-0910565	35,383
TOTAL NATIONAL SCIENCE FOUNDATION			\$ 186,520
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Nonpoint Source Implementation Grants			
Passed-Through McDonough County Soil and Water Conservation District			
Soil Phosphorus Study of Selected Spring Lake Erosion Areas	(M) 66.460	None	\$ 14,328
TOTAL ENVIRONMENTAL PROTECTION AGENCY			\$ 14,328

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2012 Expenditures
RESEARCH AND DEVELOPMENT CLUSTER: (CONTINUED)			
<u>DEPARTMENT OF EDUCATION</u>			
Special Education_Technology and Media Services for Individuals with Disabilities Passed-Through University of Kansas Center for Research, Inc. <i>Animated Visual Supports for Social Skills (AVISSS)</i>	(M) 84.327A	FY2012-037	\$ 16,148
TOTAL DEPARTMENT OF EDUCATION			\$ 16,148
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Cancer Treatment Research <i>AREA Synthesis and Evaluation</i>	(M) 93.395	R15CA086933	\$ 17,973
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 17,973
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			\$ 3,829,276
OTHER PROGRAMS:			
<u>DEPARTMENT OF AGRICULTURE</u>			
Rural Community Development Initiative <i>Rural Community Development Initiative - Entrepreneurship</i>	10.446	13-055-0370910458	\$ 13,079
Rural Cooperative Development Grants <i>Rural Cooperative and Economic Development Center</i>	10.771	None	139,260
TOTAL DEPARTMENT OF AGRICULTURE			\$ 152,339
<u>DEPARTMENT OF COMMERCE</u>			
Public Telecommunications Facilities Planning and Construction <i>PTFP AC/Generator Project</i>	11.550	07-01-N10004	\$ 5,306
<i>PTFP Antenna Project</i>	11.550	07-01-N10005	32,492
<i>WIUM-FM Tower Construction Project</i>	11.550	17-01-N11002	150,326
TOTAL DEPARTMENT OF COMMERCE			\$ 188,124
<u>DEPARTMENT OF DEFENSE</u>			
Procurement Technical Assistance for Business Firms Passed-Through Illinois Department of Commerce and Economic Opportunity <i>IL Procurement Technical Assistance Center FY12</i>	12.002	12-601104	\$ 41,500
TOTAL DEPARTMENT OF DEFENSE			\$ 41,500

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2012 Expenditures
OTHER PROGRAMS: (CONTINUED)			
<u>DEPARTMENT OF JUSTICE</u>			
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus <i>Relationship Violence Awareness and Prevention Initiative</i>	16.525	2010WAAX0004	\$ 97,211
Violence Against Women Formula Grants Passed-Through Illinois Attorney General <i>Illinois Sexual Assault Nurse Examiner (SANE) Online Training Phase II</i>	16.588	None	3
Enforcing Underage Drinking Laws Program Passed-Through Eastern Illinois University <i>IDHS EUDL FY12</i>	16.727	12-04	3,982
<i>IDHS EUDL FY12 PART 2</i>	16.727	12-16	7,484
			<u>11,466</u>
TOTAL DEPARTMENT OF JUSTICE			\$ 108,680
<u>DEPARTMENT OF LABOR</u>			
Incentive Grants - WIA Section 503 Passed-Through Illinois Community College Board <i>Career and Academic Readiness System Math Expansion FY12</i>	17.267	CARS Math 12	\$ 83,201
<i>Career and Academic Readiness System FY12</i>	17.267	CARS 01	16,497
TOTAL DEPARTMENT OF LABOR			\$ 99,698
<u>DEPARTMENT OF TRANSPORTATION</u>			
Formula Grants for Other Than Urbanized Areas Passed-Through Illinois Department of Transportation <i>Interagency Coordinating Council on Transportation Program Coordination & Monitoring to Assist with the Development & Implementation of ARRA Funded Capital Projects</i>	(M) 20.509	IL-1818X025	\$ 160,804
<i>Rural Transit Assistance Center</i>	(M) 20.509	PROJ 10-15	126,462
	(M) 20.509	IL-18-X026	367,150
			<u>654,416</u>
Public Transportation Research Passed-Through Illinois Department of Transportation <i>United We Ride / MY TRIP</i>	20.514	IL-18-X026	23,014
TOTAL DEPARTMENT OF TRANSPORTATION			\$ 677,430

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2012 Expenditures
OTHER PROGRAMS: (CONTINUED)			
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>			
Promotion of the Arts_Partnership Agreements Passed-Through Arts Midwest <i>Doktor Kaboom!</i>	45.025	FY12-135443	\$ 1,000
Passed-Through Illinois Arts Council <i>Profile on Artists</i>	45.025	20111045	<u>50,000</u>
TOTAL NATIONAL ENDOWMENT FOR THE ARTS			<u>\$ 51,000</u>
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>			
Promotion of the Humanities_Federal/State Partnership Passed-Through Illinois Humanities Council <i>Freedom Riders</i>	45.129	IHC4829	\$ 3,000
Promotion of the Humanities_Public Programs Passed-Through American Library Association <i>Let's Talk About It: Making Sense of the American Civil War</i>	45.164	216	<u>2,972</u>
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			<u>\$ 5,972</u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
Education and Human Resources <i>Incorporating Usable Security Concepts into Computer Science Curriculum</i>	47.076	DUE-0736643	\$ 7,376
TOTAL NATIONAL SCIENCE FOUNDATION			<u>\$ 7,376</u>
<u>SMALL BUSINESS ADMINISTRATION</u>			
Small Business Development Centers Passed-Through Illinois Department of Commerce & Economic Opportunity <i>SBDC CY12</i>	59.037	12-561127	\$ 8,185
<i>SBDC CY11</i>	59.037	11-181127	44,781
<i>Small Business Jobs Act</i>	59.037	11-081127	<u>33,321</u>
			<u>86,287</u>
Congressional Grants <i>SBDC Congressional Grant</i>	59.059	SBAHQ-10-I-0170	<u>37,760</u>
TOTAL SMALL BUSINESS ADMINISTRATION			<u>\$ 124,047</u>

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2012 Expenditures
OTHER PROGRAMS: (CONTINUED)			
<u>DEPARTMENT OF EDUCATION</u>			
Adult Education - Basic Grants to States			
Passed-Through Illinois Community College Board			
<i>Central Illinois Adult Education Service Center - 2012</i>	(M) 84.002	AEL12006	\$ 425,163
<i>I-Pathways - 2012</i>	(M) 84.002A	AEL12008	239,749
<i>Data and Information System Illinois (DAISI) - 2011</i>	(M) 84.002A	AEL11007	32,012
<i>Data and Information System Illinois (DAISI) - 2012</i>	(M) 84.002A	AEL12007	181,998
<i>ICCB - Curriculum Publications Clearinghouse - 2012</i>	(M) 84.002A	AEL12002	105,426
<i>Basic Skills - 2012</i>	(M) 84.002A	CTEL 12009	2,933
			<u>987,281</u>
Special Education_Grants to States			
Passed-Through Southern Illinois University			
<i>IDEA: State Personnel Development Grant-IL IHE Partnership</i>	84.027	763944	4,585
Career and Technical Education - Basic Grants to States			
Passed-Through Illinois State University			
<i>Making Hands on Learning Meaningful to Students Action</i>			
<i>Learning Theory & CTE</i>	84.048	RSP11D249.02	1,609
Fund for the Improvement of Postsecondary Education			
<i>Transatlantic Dual Degree Program</i>			
	84.116J	P116J060007	33,602
Passed-Through DePaul University			
<i>ACTIVE: Atlantis Collaborative Team Interaction Virtual Environment</i>	84.116	500665SG056	4,113
Passed-Through Northern Michigan University			
<i>A Brazilian and U.S. Partnership for People, Planet & Profits:</i>			
<i>Fostering Socially, Environmentally, & Economically</i>			
<i>Sustainable Entrepreneurship</i>	84.116M	P116M08005	10,937
Passed-Through Western Kentucky University			
<i>Alliance to Enhance Entrepreneurial Impact to Stimulate</i>			
<i>Economic Growth among Underserved Groups in N. America</i>	84.116N	WKURF 524549-09-01	11,533
			<u>60,185</u>
Special Education_Preschool Grants			
Passed-Through Illinois State Board of Education			
<i>Illinois Starnet - 2012</i>	(M) 84.173	12-4605-00-26-062-5440-51	977,078
Bilingual Education Professional Development			
<i>Project Estrella</i>	(M) 84.195N	T195N070388	305,516
Fund for the Improvement of Education			
Passed-Through Regional Office of Education No. 26			
<i>Disseminating Traditional American History to Teachers</i>	84.215X	U215X080056	31,129

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2012 Expenditures
OTHER PROGRAMS: (CONTINUED)			
<u>DEPARTMENT OF EDUCATION (CONTINUED)</u>			
Mathematics and Science Partnerships Passed-Through Illinois State Board of Education <i>Western Illinois Mathematics Teacher Transformation Institute (WI-MTTI)</i>	84.366B	12-4936-40-26-062-5440-51	68,702
TOTAL DEPARTMENT OF EDUCATION			\$ 2,436,085
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Temporary Assistance for Needy Families Passed-Through Illinois Department of Human Services <i>Low Income Degree Scholarship Program 10-11</i>	93.558	81X6967000	\$ 774
<i>Low Income Degree Scholarship Program 11-12</i>	93.558	81XQ967000	192,464
			<u>193,238</u>
Children's Justice Grants to States Passed-Through Louisiana Department of Children and Family Services <i>Interactive Module for Louisiana Mandated Reporters</i>	93.643	707978	<u>14,974</u>
Social Services Block Grant Passed-Through Louisiana Department of Children and Family Services <i>Online Tutorials</i>	93.667	708051	<u>19,995</u>
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			\$ 228,207
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
AmeriCorps Passed-Through Illinois Department of Human Services <i>AmeriCorps Project 09-12</i>	94.006	11GL679000	\$ 51,082
<i>AmeriCorps Project 11-12</i>	94.006	11GQ01943	60,027
			<u>111,109</u>
Volunteers in Service to America <i>Community Outreach Support</i>	94.013	06VSNIL008	<u>17,312</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 128,421

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2012 Expenditures
OTHER PROGRAMS: (CONTINUED)			
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
Homeland Security Grant Program			
Passed-Through Illinois Law Enforcement Training and Standards Board			
<i>Homeland Security Federal Fiscal Year 09 Funds</i>	(M) 97.067	None	\$ 88,179
<i>Homeland Security Federal Fiscal Year 10 Funds</i>	(M) 97.067	None	<u>401,212</u>
			<u>489,391</u>
Degrees at a Distance Program			
<i>Degrees at a Distance Year 10</i>	97.103	EMW-2011-CA-K00061-501	<u>3,760</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>\$ 493,151</u>
<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 - Part II</i>	98.012	AEG-A-00-05-00007-00	<u>\$ 183,442</u>
TOTAL UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT			<u>\$ 183,442</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 110,992,197</u>

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

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

NOTE 1 - BACKGROUND

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the University. The SEFA 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 SEFA 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, 2012:

Perkins Loan Program CFDA No. 84.038

Outstanding balance, July 1, 2011	<u>\$ 2,352,347</u>
Additions:	
Interest income	38,026
Contributions	4,660
Total additions	<u>42,686</u>
Deductions:	
Loans cancelled or written-off	39,565
Miscellaneous adjustment	510
Administrative charges	51,725
Collection agency fees, net	77
Litigation costs	24,903
Total deductions	<u>116,780</u>
Outstanding balance, June 30, 2012	<u>\$ 2,278,253</u>

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

NOTE 3 - SUBRECIPIENTS

Of the federal expenditures presented in the SEFA, the University provided Federal awards in the amount of \$1,345,015 to subrecipients in 2012 as follows:

<u>Grant/Program Title</u>	<u>CFDA Number</u>	<u>Reference Number</u>	<u>Provided To Subrecipients</u>
Basic Scientific Research	12.431	W15QKN-11-2-0008	\$ 1,174,446
Biological Sciences	47.074	DEB-0919510	47,747
Fund for the Improvement of Postsecondary Education	84.116J	P116J060007	33,452
AmeriCorps	94.006	11GL679000	1,768
USAID Development Partnerships for University Cooperation and Development	98.012	AEG-A-00-05-00007-00	<u>87,602</u>
Total			<u>\$ 1,345,015</u>

State of Illinois
Western Illinois University
Schedule of Net Appropriations, Expenditures and Lapsed Balances
Fourteen Months Ended August 31, 2012

	<u>Appropriations Net of Transfers</u>	<u>Expenditures Through June 30, 2012 (b)</u>	<u>Approximate Lapse Period Expenditures July 1 - August 31 (c)</u>	<u>Approximate Total Expenditures August 31, 2012 (c)</u>	<u>Approximate Balances Lapsed August 31, 2012 (c)</u>
Public Act No. 97-0069					
EDUCATION ASSISTANCE FUND (007) (a)					
Operational expenses	\$ 55,538,300	\$ 55,538,300	\$ -	\$ 55,538,300	\$ -
STATE COLLEGES & UNIVERSITIES TRUST FUND (417) (a)					
Scholarships - license plates	<u>10,000</u>	<u>5,500</u>	<u>4,500</u>	<u>10,000</u>	<u>-</u>
TOTALS	<u>\$ 55,548,300</u>	<u>\$ 55,543,800</u>	<u>\$ 4,500</u>	<u>\$ 55,548,300</u>	<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 State 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, 2012 and 2011

	Fiscal Years	
	2012 P.A. 97-0069 (b)	2011 P.A. 96-0956 (c)
GENERAL REVENUE FUND (001) (a)		
Appropriations (net of transfers)	\$ -	\$ 56,182,700
EDUCATION ASSISTANCE FUND (007) (a)		
Appropriations (net of transfers)	55,538,300	-
Expenditures		
Operational expenses	55,538,300	56,182,700
Total expenditures	<u>55,538,300</u>	<u>56,182,700</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
STATE COLLEGES AND UNIVERSITY TRUST FUND (417) (a)		
Appropriations (net of transfers)	\$ 10,000	\$ 10,000
Expenditures		
Scholarships	10,000	7,973
Lapsed balances	<u>\$ -</u>	<u>\$ 2,027</u>
GRAND TOTAL, ALL FUNDS		
Total appropriations (net of transfers)	\$ 55,548,300	\$ 56,192,700
Total expenditures	<u>55,548,300</u>	<u>56,190,673</u>
Total lapsed balances	<u>\$ -</u>	<u>\$ 2,027</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) FY 2012 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the University and submitted to the State Comptroller for payment after August.
- (c) FY 2011 amounts are final and include any interest payments made after August.

**State of Illinois
Western Illinois University
Schedule of Changes in Capital Assets
For the Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Non-depreciable capital assets:					
Land and land improvements	\$ 3,236,432	\$ -	\$ -	\$ -	\$ 3,236,432
Works of art and historical treasures	471,569	15,000	-	-	486,569
Construction in progress	30,124,413	42,794,233	(24,031)	(19,671,432)	53,223,183
Total non-depreciable capital assets	33,832,414	42,809,233	(24,031)	(19,671,432)	56,946,184
Depreciable capital assets:					
Site improvements	28,638,147	505,394	-	5,486,827	34,630,368
Buildings and building improvements	247,105,517	1,406,854	(201,295)	14,184,605	262,495,681
Equipment	74,000,608	3,522,148	(890,376)	-	76,632,380
Total depreciable capital assets	349,744,272	5,434,396	(1,091,671)	19,671,432	373,758,429
Less accumulated depreciation:					
Site improvements	15,016,536	983,159	-	-	15,999,695
Buildings and building improvements	127,939,357	7,059,440	(34,377)	-	134,964,420
Equipment	67,055,782	2,943,617	(739,089)	-	69,260,310
Total accumulated depreciation	210,011,675	10,986,216	(773,466)	-	220,224,425
Total depreciable capital assets, net	139,732,597	(5,551,820)	(318,205)	19,671,432	153,534,004
Capital assets, net	\$ 173,565,011	\$ 37,257,413	\$ (342,236)	\$ -	\$ 210,480,188

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.

SCHEDULE 5**State of Illinois
Western Illinois University
Comparative Schedule of Income Fund Revenues and Expenditures
For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
INCOME FUND		
REVENUES		
Registration fees	\$ 69,645,473	\$ 66,768,995
Other student charges	1,169,854	1,069,541
Fines	8,410	5,531
Finance charges	380,845	370,661
Interest	52,383	11,973
Extension	7,162,717	6,088,862
Other	732,795	475,629
Tuition and fees waived, faculty and staff	(4,069,100)	(3,810,384)
Tuition and fees waived, students	(4,005,910)	(3,840,557)
	<u>71,077,467</u>	<u>67,140,251</u>
Total revenues		
EXPENDITURES		
Personal services	49,209,983	47,807,499
Contractual services	7,382,161	6,039,674
Travel	873,857	666,533
Commodities	1,188,063	1,228,329
Library books and equipment	2,466,276	2,014,820
Operation of automotive equipment	64,131	49,754
Telecommunications	308,602	221,273
Awards, grants, and matching funds	1,418,988	1,682,689
FICA/Medicare	633,561	604,025
Permanent improvements	37,778	165,845
Employment security	12,316	11,298
	<u>63,595,716</u>	<u>60,491,739</u>
Total expenditures		
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 7,481,751</u>	<u>\$ 6,648,512</u>

SCHEDULE 6

State of Illinois
Western Illinois University
Comparative Schedule of Cash, Cash Equivalents and Investments at Fair Value
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents		
Cash on hand	\$ 63,046	\$ 65,211
Checking accounts		
Morton Community Bank (non-interest bearing)	208,202	115,324
Illinois Funds (2012, 0.072%; 2011, 0.116%)	78,701,293	51,716,267
Certificates of deposit		
First State Bank (2012, 0.200%; 2011, not applicable)	1,002,460	-
Morton Community Bank (2012, 0.150%-0.200%; 2011, 0.350%)	4,500,116	3,005,375
Total cash and cash equivalents	<u>84,475,117</u>	<u>54,902,177</u>
Investments		
Certificates of deposit		
Morton Community Bank (2012, 0.300-0.350%; 2011, 0.400-1.050%)	9,000,000	25,000,000
First State Bank (2012, 0.550%; 2011, 0.650-0.900%)	4,021,405	3,004,685
Total investments	<u>13,021,405</u>	<u>28,004,685</u>
Total cash and cash equivalents and investments	<u>\$ 97,496,522</u>	<u>\$ 82,906,862</u>

SCHEDULE 7

**State of Illinois
Western Illinois University
Analysis of Significant Variations in Account Balances
For the Year Ended June 30, 2012**

A comparative schedule of significant variations in account balances (at least \$300,000 and 20% of the previous year) for the fiscal years ended June 30, 2012 and June 30, 2011 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2012	2011	AMOUNT	%
Cash and cash equivalents	\$ 84,334,052	\$ 54,825,938	\$ 29,508,114	54%
Investments	13,021,405	28,004,685	(14,983,280)	(54%)
Due from primary government	14,477,971	25,359,680	(10,881,709)	(43%)
Capital assets, net of accumulated depreciation	210,480,188	173,565,011	36,915,177	21%
Other assets, noncurrent	2,732,241	1,775,501	956,740	54%
Accounts payable and accrued liabilities	11,437,188	5,095,763	6,341,425	124%
Accrued payroll	8,258,300	16,206,185	(7,947,885)	(49%)
Revenue bonds payable, current	3,988,862	2,694,602	1,294,260	48%
Revenue bonds payable, noncurrent	76,746,817	54,290,293	22,456,524	41%
Unrestricted net assets	51,495,892	40,742,082	10,753,810	26%

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

Cash and cash equivalents

The increase in cash and cash equivalents is due to funds held by the University from unspent debt proceeds for capital projects and a shift of investments to cash and cash equivalents.

**State of Illinois
Western Illinois University
Analysis of Significant Variations in Account Balances (Continued)
For the Year Ended June 30, 2012**

Investments

The decrease in investments is due to a shift of investments to cash and cash equivalents. Investments held for capital projects were liquidated throughout the fiscal year which contributed to the decrease.

Due from primary government

The decrease in due from primary government is due to a more timely receipt of State Appropriated reimbursements from the State during fiscal year 2012.

Capital assets, net of accumulated depreciation

The increase in capital assets, net of accumulated depreciation, is mainly due to capital improvements to Corbin-Olson Hall and the Riverfront Campus.

Other assets, noncurrent

The increase in other assets, noncurrent is due to the issuance costs associated with the Series 2012 Revenue Bonds Payable. Issuance costs are classified as an asset and amortized over the number of years in the repayment schedule.

Accounts payable and accrued liabilities

The increase in accounts payable and accrued liabilities is primarily due to the timing of payments for vendor invoices during the fiscal year end. The recognition of retention fees on capital projects in progress at year end also contributed to the increase.

Accrued payroll

The decrease in accrued payroll is due to the timing of pay schedules for payrolls at year-end.

Revenue bonds payable, current

The increase in revenue bonds payable, current is due to scheduled principal payments for the Series 2012 Revenue Bonds Payable.

**SCHEDULE 7
(CONTINUED)**

**State of Illinois
Western Illinois University
Analysis of Significant Variations in Account Balances (Continued)
For the Year Ended June 30, 2012**

Revenue bonds payable, noncurrent

The increase in revenue bonds payable, noncurrent is due to the issuance of the Series 2012 Revenue Bonds Payable which were issued by the University during the fiscal year.

Unrestricted net assets

The increase in unrestricted net assets is primarily due to an increase in the University's net revenue from tuition and fees and grants and contracts. Revenue from nonoperating grants contributed to the increase.

SCHEDULE 8

**State of Illinois
Western Illinois University
Analysis of Significant Variations in Operating and Nonoperating
Revenues and Expenses
For the Year Ended June 30, 2012**

A comparative schedule of significant variations in operating and nonoperating revenues and expenses (at least \$300,000 and 20% of the previous year) for the fiscal years ended June 30, 2012 and June 30, 2011 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2012	2011	AMOUNT	%
Research	\$ 6,234,015	\$ 3,142,658	\$ 3,091,357	98%
Gifts	1,170,607	320,827	849,780	265%
Capital State appropriations	8,963,918	11,471,389	(2,507,471)	(22%)

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

Research

The increase in research expenditures is due to the receipt of a new grant from the Army for \$4 million in fiscal year 2012.

Gifts

The increase in gifts is due to the receipt of donated capital assets from the Foundation and a federal agency.

Capital State appropriations

The decrease in capital State appropriations is due to a decrease in capital funding provided by the Capital Development Board (CDB) to the University.

SCHEDULE 9

**State of Illinois
Western Illinois University
Analysis of Significant Lapse Period Spending
For the Year Ended June 30, 2012**

No appropriation line item had lapse period expenditures in excess of \$300,000 and 20% of total line item expenditures for the fourteen months ended August 31, 2012.

**State of Illinois
Western Illinois University
Analysis of Accounts Receivable
June 30, 2012 and 2011**

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

	<u>2012</u>	<u>2011</u>
Current unrestricted funds	\$ 6,655,176	\$ 5,147,362
Current restricted funds	2,413,863	2,630,839
Loan funds	299	308
Plant funds	232,364	280,525
Agency funds	<u>97</u>	<u>241</u>
Total accounts receivable (net)	<u>\$ 9,301,799</u>	<u>\$ 8,059,275</u>

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

	<u>2012</u>	<u>2011</u>
Accounts receivable - all funds, at gross	\$ 12,384,203	\$ 11,231,875
Less: allowance for uncollectible accounts	<u>3,082,404</u>	<u>3,172,600</u>
Total accounts receivable (net)	<u>\$ 9,301,799</u>	<u>\$ 8,059,275</u>

Accounts receivable aging was as follows:

	<u>2012</u>	<u>2011</u>
Receivables not past due	<u>\$ 5,363,606</u>	<u>\$ 4,766,294</u>
Past due receivables:		
1 day - 90 days	2,507,092	2,042,606
91 days - 180 days	37,000	-
181 days - 1 year	847,736	729,223
Over 1 year	<u>3,628,769</u>	<u>3,693,752</u>
Total receivables past due	<u>7,020,597</u>	<u>6,465,581</u>
Total receivables, at gross	<u>\$ 12,384,203</u>	<u>\$ 11,231,875</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 State Comptroller's Office. Accounts with balances that are \$100.00 and over are subject to collection notices, telephone contacts, State Comptroller's offset and attorney/collection agency placement.

SCHEDULE 11

**State of Illinois
Western Illinois University
Schedules of Federal Expenditures, Nonfederal Expenses, and New Loans
For the Year Ended June 30, 2012**

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA	\$ 110,992,197	
Total new loans made	-	*
Amount of federal loan balances at beginning of the year	-	*
Total Schedule A	<u>\$ 110,992,197</u>	

Schedule B - Total Financial Component

Total operating expenses	\$ 277,524,571
Total nonoperating expenses	2,097,697
Total new loans made	80,661,075
Amount of federal loan balances at beginning of the year	<u>2,352,347</u>
Total Schedule B	<u>\$ 362,635,690</u>

Schedule C

Total Schedule A	\$ 110,992,197	30.6%
Total nonfederal expenses	<u>251,643,493</u>	<u>69.4%</u>
Total Schedule B	<u>\$ 362,635,690</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.

SCHEDULE 12**State of Illinois
Western Illinois University
Summary of Indirect Cost Reimbursements
Statement of Sources and Applications
For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
SOURCES		
Federal	\$ 544,855	\$ 556,011
State	376,520	399,444
Private	389	1,217
Other	249,745	234,610
	<u>1,171,509</u>	<u>1,191,282</u>
Total sources		
	<u>1,171,509</u>	<u>1,191,282</u>
APPLICATIONS		
Research	196,691	218,396
Academic support	552,444	309,210
Institutional support	529,187	408,510
	<u>1,278,322</u>	<u>936,116</u>
Total applications		
	<u>1,278,322</u>	<u>936,116</u>
EXCESS (DEFICIENCY) OF SOURCES OVER APPLICATIONS	(106,813)	255,166
TRANSFERS AND OTHER DEDUCTIONS		
Transfers to other funds	(113,717)	(69,714)
	<u>(113,717)</u>	<u>(69,714)</u>
EXCESS (DEFICIENCY) OF SOURCES OVER APPLICATIONS AFTER TRANSFERS AND OTHER DEDUCTIONS	(220,530)	185,452
FUND BALANCE, BEGINNING OF YEAR	<u>960,021</u>	<u>774,569</u>
FUND BALANCE, END OF YEAR	<u>\$ 739,491</u>	<u>\$ 960,021</u>

State of Illinois
Western Illinois University
Summary of Indirect Cost Reimbursements
Calculation Sheet for Indirect Cost Carry-Forward (Unaudited)
For the Year Ended June 30, 2012

1. Cash and cash equivalents balance

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

Add:

Cash.....	\$	790,653	
Cash equivalents.....	\$	-	
Bank deposits.....	\$	-	
Marketable securities.....	\$	-	
Certificates of deposit.....	\$	-	
Repurchase agreements.....	\$	-	
Other cash equivalent items.....	\$	-	
Interfund receivables.....	\$	-	\$ 790,653

2. Allocated Reimbursements

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

\$ 1,877,245; enter 30% of this amount..... \$ 563,174

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.....	\$	55,621
Encumbrances.....	\$	125,018
Total.....	\$	180,639

5. Indirect Cost Carry-forward

a. Enter the total of items 2, 3 and 4..... \$ 743,813

b. Subtract from item 1 \$ 46,840

If a positive number results, enter here and remit for deposit in the Income Fund..... \$ 46,840

SCHEDULE 14

**State of Illinois
Western Illinois University
Calculation of Current Excess Funds (Unaudited)
June 30, 2012**

	Auxiliary Enterprises - Revenue Bond		
	University Union	Recreation Facility	University Housing and Dining
CURRENT AVAILABLE FUNDS:			
Cash and cash equivalents (A)	\$ 2,365,541	\$ 565,992	\$ 1,160,402
WORKING CAPITAL ALLOWANCES:			
Highest month's expenditures	1,856,898	499,210	5,539,303
Encumbrances and current liabilities paid in lapse period	796,042	170,665	1,568,003
Refundable deposits/deferred income	29,466	69,263	553,456
Allowance for sick leave/vacation payouts	50,909	30,755	114,014
Total working capital allowances (B)	2,733,315	769,893	7,774,776
CURRENT EXCESS FUNDS:			
Deduct B from A (C)	(367,774)	(203,901)	(6,614,374)
CALCULATION OF INCOME FUND REMITTANCE:			
An entity may offset excess capital or current funds within the entity: Enter the amount to be offset (D)	-	-	-
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	\$ (367,774)	\$ (203,901)	\$ (6,614,374)

SCHEDULE 14
(CONTINUED)

State of Illinois
Western Illinois University
Calculation of Current Excess Funds (Unaudited) (Continued)
June 30, 2012

	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	Auxiliary Enterprises Transit Fee 13
CURRENT AVAILABLE FUNDS:									
Cash and cash equivalents	\$ 793,084	\$ 2,911,155	\$ 692,048	\$(1,679,072)	\$ 4,441	\$ 82,250	\$ 360,072	\$ 342,048	\$ 20,692
Interfund receivables	6,584	1,185	-	16,333	(775)	-	-	-	-
Total current available funds (A)	799,668	2,912,340	692,048	(1,662,739)	3,666	82,250	360,072	342,048	20,692
WORKING CAPITAL ALLOWANCES:									
Highest month's expenditures	671,831	3,605,301	561,944	1,180,351	3,210	84,177	512,140	85,730	204,114
Encumbrances and current liabilities paid in lapse period	72,976	331,788	115,709	261,231	2,351	6,776	79,055	38,737	82,291
Refundable deposits/deferred income	142,141	150,563	16,989	-	269	77,441	-	-	5,755
Total working capital allowances (B)	886,948	4,087,652	694,642	1,441,582	5,830	168,394	591,195	124,467	292,160
CURRENT EXCESS FUNDS:									
Deduct B from A (C)	(87,280)	(1,175,312)	(2,594)	(3,104,321)	(2,164)	(86,144)	(231,123)	217,581	(271,468)
CALCULATION OF INCOME FUND REMITTANCE:									
An entity may offset excess capital or current funds within the entity:									
Enter the amount to be offset (D)	(94,131)	(298,544)	(357,604)	(14,920)	-	-	-	(273,728)	-
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	\$ (181,411)	\$(1,473,856)	\$(360,198)	\$(3,119,241)	\$(2,164)	\$(86,144)	\$(231,123)	\$(56,147)	\$(271,468)

**State of Illinois
Western Illinois University
For the Year Ended June 30, 2012**

**University Accounting Entities and Related Sources of
Revenues and Purposes**

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
For the Year Ended June 30, 2012

University Accounting Entities and Related Sources of
Revenues and Purposes (Continued)

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 charged 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
For the Year Ended June 30, 2012

University Accounting Entities and Related Sources of
Revenues and Purposes (Continued)

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.

SCHEDULE 16

State of Illinois
 Western Illinois University
 Current Funds, Unrestricted, Other
 Balance Sheet by Entity
 June 30, 2012

	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	\$ 790,653	\$ 791,984	\$2,903,590	\$ 691,873	\$ (1,690,137)	\$ 4,441	\$ 46,593	\$ 82,250	\$ 28,958	\$ 1,979,714	\$360,072	\$ 5,989,991
Cash, change funds	-	1,100	7,565	175	11,065	-	-	-	-	-	-	19,905
Accounts receivable, net	4,459	40,212	501,378	49,481	60,609	(768)	-	-	(3,376)	-	11,908	663,903
Inventories	-	1,496	43,198	57,555	1,098,756	-	-	-	-	-	-	1,201,005
Other	-	-	-	20,650	-	-	-	-	-	-	-	20,650
Investment in plant:												
Equipment	-	53,715	320,484	131,969	780,637	-	-	-	-	-	-	1,286,805
Building	-	-	300,562	-	90,323	-	-	-	-	-	129,940	520,825
Construction in progress	-	-	-	-	92,867	-	-	-	-	-	-	92,867
TOTAL ASSETS	795,112	888,507	4,076,777	951,703	444,120	3,673	46,593	82,250	25,582	1,979,714	501,920	9,795,951
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accrued payroll	-	51,415	78,489	22,401	101,392	101	500	-	3,094	-	78,253	335,645
Accounts payable	55,621	10,602	123,157	75,785	120,309	-	2,951	4,751	360	-	801	394,337
Accrued compensated absences	-	-	-	-	-	-	-	-	-	1,029,859	-	1,029,859
Deferred revenues	-	142,141	150,563	16,989	-	269	95,032	77,441	-	-	-	482,435
Installment purchases payable	-	-	-	-	142,980	-	-	-	-	-	-	142,980
Total liabilities	55,621	204,158	352,209	115,175	364,681	370	98,483	82,192	3,454	1,029,859	79,054	2,385,256
FUND BALANCES												
Current unrestricted	739,491	536,503	2,804,978	346,955	(756,328)	3,303	(51,890)	58	22,128	949,855	292,926	4,887,979
Renewals and replacements	-	94,131	298,544	357,604	14,920	-	-	-	-	-	-	765,199
Net investment in plant	-	53,715	621,046	131,969	820,847	-	-	-	-	-	129,940	1,757,517
Total fund balances (deficit)	739,491	684,349	3,724,568	836,528	79,439	3,303	(51,890)	58	22,128	949,855	422,866	7,410,695
TOTAL LIABILITIES AND FUND BALANCES	\$ 795,112	\$ 888,507	\$4,076,777	\$ 951,703	\$ 444,120	\$ 3,673	\$ 46,593	\$ 82,250	\$ 25,582	\$ 1,979,714	\$501,920	\$9,795,951

**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, 2012**

	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	\$ -	\$ 714,242	\$ 12,841,192	\$ 1,952,336	\$ 2,729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,510,499
Indirect cost recovery	1,055,484	-	-	-	-	-	-	-	-	-	-	1,055,484
Investment income	986	707	3,270	226	573	1	-	11	60	2,472	659	8,965
Sales and subscriptions	-	109,902	263,150	266,558	3,416,711	2,356	-	-	16	-	-	4,058,693
Charges for services	98,142	2,804,787	1,194,065	50,017	3,814,740	5,066	327,816	404,704	259	-	9,160	8,708,756
Athletic guarantees	-	-	552,652	-	-	-	-	-	-	-	-	552,652
Other	240	7,742	849,065	49,850	214,980	272	135	-	-	-	15,622	1,137,906
Gifts	16,658	37,805	10,181	400	101,439	-	3,642	-	109,072	-	-	279,197
Expended for plant facilities	66,588	13,463	130,400	38,386	59,033	-	-	-	-	-	23,475	331,345
Other fixed asset additions	-	975	8,798	-	130,754	-	-	-	-	-	-	140,527
Total revenues and other additions	1,238,098	3,689,623	15,852,773	2,357,773	7,740,959	7,695	331,593	404,715	109,407	2,472	48,916	31,784,024
EXPENDITURES AND OTHER DEDUCTIONS												
Cost of sales	375	32,430	66,765	(1,813)	3,320,566	775	-	-	-	-	-	3,419,098
Personal services	69,304	2,348,450	3,463,915	578,606	2,098,083	100	9,032	186,215	76,673	-	2,551,971	11,382,349
Contractual services	444,953	529,718	3,751,477	636,726	361,786	2,267	336,233	32,907	19,020	-	508,420	6,623,507
Telecommunications	4,103	20,606	208,990	35,499	464,089	224	238	-	35	-	425	734,209
Travel	47,059	41,132	220,226	25,385	355,365	85	24,537	27,164	3,610	-	6,639	751,202
Retirement	3,251	-	(245)	-	-	-	-	-	-	-	-	3,006
Commodities	65,005	125,133	811,137	389,420	402,911	2,654	8,966	12,740	6,568	-	12,863	1,837,397
Equipment	269,984	64,786	544,818	445,974	200,337	1,165	-	2,209	2,878	-	34,688	1,566,839
Scholarships	-	-	2,149,560	10	-	-	-	51,696	5,000	-	-	2,206,266
Compensated absences adjustment	-	-	-	-	-	-	-	-	-	(206,977)	-	(206,977)
Athletic guarantees	-	-	68,445	-	-	-	-	-	-	-	-	68,445
Other	374,288	220,613	2,616,722	165,499	377,300	387	3,934	115,445	1,709	-	(3,056,198)	819,699
Other fixed asset deductions	-	23,398	128,120	45,747	298,246	-	-	-	-	-	9,963	505,474
Total expenditures and other deductions	1,278,322	3,406,266	14,029,930	2,321,053	7,878,683	7,657	382,940	428,376	115,493	(206,977)	68,771	29,710,514
NET INCREASE (DECREASE) IN FUND BALANCES BEFORE TRANSFERS												
	(40,224)	283,357	1,822,843	36,720	(137,724)	38	(51,347)	(23,661)	(6,086)	209,449	(19,855)	2,073,510
TRANSFERS												
Transfers to other funds, current funds	(113,717)	-	(251,418)	(17,376)	(1,800)	-	-	-	-	-	-	(384,311)
Transfers from (to) other funds, plant funds	(66,588)	(7,079)	278,036	17,725	(60)	-	-	-	-	-	(23,475)	198,559
Transfers for installment purchase payments	-	-	-	-	(102,071)	-	-	-	-	-	(19,696)	(121,767)
Total transfers	(180,305)	(7,079)	26,618	349	(103,931)	-	-	-	-	-	(43,171)	(307,519)
NET INCREASE (DECREASE) FOR THE YEAR	(220,529)	276,278	1,849,461	37,069	(241,655)	38	(51,347)	(23,661)	(6,086)	209,449	(63,026)	1,765,991
FUND BALANCES, BEGINNING OF YEAR	960,020	408,071	1,875,107	799,459	321,094	3,265	(543)	23,719	28,214	740,406	485,892	5,644,704
FUND BALANCES (DEFICIT), END OF YEAR	\$ 739,491	\$ 684,349	\$ 3,724,568	\$ 836,528	\$ 79,439	\$ 3,303	\$ (51,890)	\$ 58	\$ 22,128	\$ 949,855	\$ 422,866	\$ 7,410,695

SCHEDULE 18

**State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Other
Balance Sheet by Entity
June 30, 2012**

	Parking Operations	Transit Fee	Total
ASSETS			
Cash and temporary cash investments	\$ 341,748	\$ 20,692	\$ 362,440
Change funds	300	-	300
Accounts receivable, net	67,788	264,340	332,128
Investment in plant:			
Buildings	22,420	-	22,420
Site improvements	1,406,682	-	1,406,682
Equipment	23,218	35,094	58,312
Construction in Progress	-	16,000	16,000
TOTAL ASSETS	1,862,156	336,126	2,198,282
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accrued payroll	23,610	-	23,610
Accounts payable	2,768	76,080	78,848
Deferred revenues	-	5,755	5,755
Total liabilities	26,378	81,835	108,213
FUND BALANCES			
Current funds	109,731	203,197	312,928
Renewals and replacements	273,728	-	273,728
Net investment in plant	1,452,319	51,094	1,503,413
Total fund balances	1,835,778	254,291	2,090,069
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,862,156	\$ 336,126	\$ 2,198,282

SCHEDULE 19

**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, 2012**

	Parking Operations	Transit Fee	Total
REVENUES AND OTHER ADDITIONS			
Sales and services	\$ 455,931	\$ 1,189,139	\$ 1,645,070
Fees	-	741,925	741,925
Investment income	309	103	412
Fines	233,296	-	233,296
Other revenues	3,460	4,332	7,792
Expended for plant facilities	-	12,499	12,499
Total revenues and other additions	692,996	1,947,998	2,640,994
EXPENDITURES AND OTHER DEDUCTIONS			
Personal services	548,598	72,345	620,943
Contractual services	51,710	1,145,339	1,197,049
Commodities	34,700	26,289	60,989
Permanent improvements	-	3,200	3,200
Equipment	4,432	34,858	39,290
Travel	1,334	5,103	6,437
Telecommunications	2,799	2,782	5,581
Other expenditures	58,336	626,171	684,507
Other fixed asset deductions	88,352	8,098	96,450
Total expenditures and other deductions	790,261	1,924,185	2,714,446
NET INCREASE (DECREASE) FOR THE YEAR	(97,265)	23,813	(73,452)
FUND BALANCES, BEGINNING OF YEAR	1,933,043	230,478	2,163,521
FUND BALANCES, END OF YEAR	\$ 1,835,778	\$ 254,291	\$ 2,090,069

**State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Revenue Bonds
Balance Sheet by Entity
June 30, 2012**

	University Union	Recreation Facility	University Housing & Dining	Total
ASSETS				
Current funds:				
Cash and investments	\$ 2,365,541	\$ 565,992	\$ 1,160,402	\$ 4,091,935
Accounts and interest receivable, less allowance for doubtful accounts of \$1,541,200	560,583	78,655	1,600,125	2,239,363
Inventories	1,194,474	15,612	-	1,210,086
Equipment, net	62,140	-	-	62,140
Total assets, current funds	4,182,738	660,259	2,760,527	7,603,524
Plant funds:				
Cash - retirement of indebtedness	45,172	56,254	763,098	864,524
Cash and investments - renewals and replacements	3,529,502	(1,404,273)	20,403,126	22,528,355
Cash and investments - construction funds	5,002,589	683	26,708,001	31,711,273
Interest receivable	858	-	3,871	4,729
Investment in plant, net:				
Land, buildings, and improvements	2,336,055	13,735,367	37,838,364	53,909,786
Equipment	17,802	247,355	548,509	813,666
Construction in progress	44,995	-	37,879,947	37,924,942
Bond issuance costs	95,786	83,433	1,272,624	1,451,843
Total assets, plant funds	11,072,759	12,718,819	125,417,540	149,209,118
TOTAL ASSETS	15,255,497	13,379,078	128,178,067	156,812,642
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Current funds:				
Accrued payroll	108,019	45,426	494,554	647,999
Accounts payable	678,486	46,431	935,677	1,660,594
Deferred revenues	29,466	69,263	553,456	652,185
Accrued compensated absences	289,155	174,683	647,579	1,111,417
Total liabilities, current funds	1,105,126	335,803	2,631,266	4,072,195
FUND BALANCES				
Fund balances, reserve for operations	3,077,612	324,456	129,261	3,531,329
Total liabilities and fund balances, current funds	4,182,738	660,259	2,760,527	7,603,524
LIABILITIES				
Plant funds:				
Accounts payable and accrued payroll	115,110	-	5,736,224	5,851,334
Accrued interest	43,368	56,254	747,126	846,748
Revenue bonds payable	5,677,720	5,341,619	69,716,340	80,735,679
Total liabilities, plant funds	5,836,198	5,397,873	76,199,690	87,433,761
FUND BALANCES				
Retirement of indebtedness	97,590	83,433	1,288,596	1,469,619
Renewals, replacements reserve	3,414,392	(1,404,273)	17,950,786	19,960,905
Project construction fund	(50,460)	683	(20,644,518)	(20,694,295)
Investment in plant, net	1,775,039	8,641,103	50,622,986	61,039,128
Total fund balances, plant funds	5,236,561	7,320,946	49,217,850	61,775,357
Total liabilities and fund balances, plant funds	11,072,759	12,718,819	125,417,540	149,209,118
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,255,497	\$ 13,379,078	\$ 128,178,067	\$ 156,812,642

SCHEDULE 21

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, 2012

	<u>University Union</u>	<u>Recreation Facility</u>	<u>University Housing & Dining</u>	<u>Total</u>
REVENUES				
Room and board	\$ -	\$ -	\$ 35,994,975	\$ 35,994,975
Graduate and family housing	-	-	996,254	996,254
Sales and services	4,619,825	607,829	1,843,487	7,071,141
Student fees	3,143,040	3,332,766	748,190	7,223,996
Investment income	19,060	4,483	59,325	82,868
Other	157,213	22,041	1,347,402	1,526,656
Total revenues	7,939,138	3,967,119	40,989,633	52,895,890
OPERATING EXPENDITURES				
Cost of merchandise sold	2,919,655	56,453	-	2,976,108
Personal services:				
Student	185,765	293,475	1,526,217	2,005,457
Regular	2,146,633	1,247,514	7,725,067	11,119,214
Compensated absences	(41,191)	(23,938)	(148,235)	(213,364)
Fringe benefits	76,308	28,494	262,774	367,576
Food service and catering	22,968	1,373	13,042,777	13,067,118
Contractual services	204,794	74,592	857,400	1,136,786
Supplies	79,084	109,893	289,887	478,864
Travel	8,190	10,653	40,229	59,072
Utilities	560,405	100,141	3,236,943	3,897,489
Telephone	18,178	4,624	93,994	116,796
Repairs and maintenance	80,941	82,630	661,010	824,581
Insurance	22,182	6,223	131,074	159,479
Other financial	54,713	3,413	20,641	78,767
Equipment	9,956	23,196	524,323	557,475
Bad debts	20,306	11,468	398,729	430,503
Administrative support	291,363	145,581	1,479,781	1,916,725
Miscellaneous	181,750	121,654	1,360,751	1,664,155
Total operating expenditures	6,842,000	2,297,439	31,503,362	40,642,801
EXCESS OF REVENUES OVER OPERATING EXPENDITURES	\$ 1,097,138	\$ 1,669,680	\$ 9,486,271	\$ 12,253,089

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, 2012

SCHEDULE 21
(CONTINUED)

	<u>University Union</u>	<u>Recreation Facility</u>	<u>University Housing & Dining</u>	<u>Total</u>
TRANSFERS				
Transfers for principal and interest	\$ (165,227)	\$ (737,992)	\$ (4,858,446)	\$ (5,761,665)
Transfers for renewals, replacements, deferred maintenance and equipment reserve	(1,523,247)	(931,600)	(4,605,752)	(7,060,599)
Total transfers	<u>(1,688,474)</u>	<u>(1,669,592)</u>	<u>(9,464,198)</u>	<u>(12,822,264)</u>
NET INCREASE (DECREASE) FOR THE YEAR	(591,336)	88	22,073	(569,175)
FUND BALANCES, BEGINNING OF YEAR	<u>3,668,948</u>	<u>324,368</u>	<u>107,188</u>	<u>4,100,504</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,077,612</u>	<u>\$ 324,456</u>	<u>\$ 129,261</u>	<u>\$ 3,531,329</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, 2012

	<u>University Union</u>	<u>Recreation Facility</u>	<u>University Housing & Dining</u>	<u>Total</u>
Retirement of indebtedness				
Fund balances, July 1, 2011	\$ 14,351	\$ 91,513	\$ 966,964	\$ 1,072,828
Bond issuance expenditures	(2,495)	(8,080)	(64,286)	(74,861)
Retirement of bonds	(100,748)	(498,309)	(10,055,943)	(10,655,000)
Bonds refunded	-	-	(104,808)	(104,808)
Interest paid, bonds	(64,479)	(239,683)	(2,711,478)	(3,015,640)
Mandatory debt retirement transfer	165,227	737,992	4,858,446	5,761,665
Mandatory debt retirement transfer from Project Construction Fund	-	-	7,908,975	7,908,975
Bond proceeds	85,734	-	490,726	576,460
Fund balances, June 30, 2012	<u>\$ 97,590</u>	<u>\$ 83,433</u>	<u>\$ 1,288,596</u>	<u>\$ 1,469,619</u>
Renewals, replacements, def. maint. and equipment reserve				
Fund balances (deficits), July 1, 2011	\$ 2,351,489	\$ (2,136,344)	\$ 20,074,249	\$ 20,289,394
Transfers from current funds	1,523,247	931,600	4,605,752	7,060,599
Miscellaneous income	-	-	17,236	17,236
Expenditures for renewals and replacements	(460,344)	(199,529)	(6,746,451)	(7,406,324)
Fund balances (deficits), June 30, 2012	<u>\$ 3,414,392</u>	<u>\$ (1,404,273)</u>	<u>\$ 17,950,786</u>	<u>\$ 19,960,905</u>
Project construction fund				
Fund balances (deficits), July 1, 2011	\$ -	\$ 683	\$ (5,356,732)	\$ (5,356,049)
Investment income	3,447	-	62,089	65,536
Capitalized interest	34,190	-	1,601,559	1,635,749
Bond proceeds	5,000,000	-	28,908,975	33,908,975
Bonds issued	(5,093,458)	-	(21,400,691)	(26,494,149)
Discount amortization	5,361	-	22,527	27,888
Expenditures for renewals and replacements	-	-	(16,573,270)	(16,573,270)
Transfers (net)	-	-	(7,908,975)	(7,908,975)
Fund balances (deficits), June 30, 2012	<u>\$ (50,460)</u>	<u>\$ 683</u>	<u>\$ (20,644,518)</u>	<u>\$ (20,694,295)</u>
Investment in plant (net)				
Fund balances, July 1, 2011	\$ 1,691,418	\$ 8,510,507	\$ 26,619,778	\$ 36,821,703
Retirement of bonds	100,748	517,750	2,146,502	2,765,000
Bonds refunded	-	-	7,873,535	7,873,535
Additions to plant	160,613	152,705	24,653,348	24,966,666
Depreciation	(174,925)	(505,920)	(2,384,988)	(3,065,833)
Gifts and other (additions and deductions to fixed assets)	-	(14,846)	(188,240)	(203,086)
Discount amortization	670	(81)	18,735	19,324
Refund amortization	(3,485)	(18,612)	(50,272)	(72,369)
Bonds issued	-	-	(7,870,013)	(7,870,013)
Transfers (net)	-	(400)	(195,399)	(195,799)
Fund balances, June 30, 2012	<u>\$ 1,775,039</u>	<u>\$ 8,641,103</u>	<u>\$ 50,622,986</u>	<u>\$ 61,039,128</u>

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited)
For the Year Ended June 30, 2012

University Functions and Planning Program (Unaudited)

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. Jack Thomas 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 guides 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 present an overview of their areas accomplishments and plans in an open two-day forum and provide a consolidated annual report of their accomplishments, plans and budget requests.
- 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* document 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. University Technology

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

University Functions and Planning Program (Unaudited) (Continued)

supports comprehensive voice, video, and data networks, and provides institutional support to end users, who are supported by the Center for Application of Information Technologies, Center for Innovation Teaching and Research, departmental and college representatives, Electronic Student Services, and Administrative Information Management Systems. The Institutional Strategic Plan for Technology website contains the University's plan for technology, as well as annual accountability reports. 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 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. During the February 2011 on-site visit, the On-Site Review Team reaffirmed Western Illinois University's accreditation with the next comprehensive visit scheduled for 2021. The team's visit was followed by a review process and Commission action. The Commission's process is multilayered to ensure the appropriateness of its actions. The process included review of documents relating to the visit by a Readers Panel and final action by the Institutional Actions Council (IAC). These actions were made official September 6, 2011, and are posted on the Commission's website www.hlcommission.org/component/option,com_directory/Action,ShowBasic/Itemid,/instid,1170/lang,en/.

The Vice President for Quad Cities and Planning coordinates institutional planning, including the University's Higher Values in Higher Education Strategic Plan, campus master and plans for both Western Illinois University campuses, and institutional accreditation reporting for the Higher Learning Commission-North Central Association of Colleges and Schools.

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

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

University Functions and Planning Program (Unaudited) (Continued)

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
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

**Comments on the Percentage of Total Expenditures Represented by
Administrative Costs (Unaudited)**

The percentage of total fiscal year 2012 expenditures represented by administrative costs for the year ended June 30, 2012 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
Analysis of Operations (Unaudited) (Continued)
For the Years Ended June 30, 2012 and 2011

Employment Statistics - Full-Time Equivalent (Unaudited)

	Instructional Activities	Organized Research	Public Service	Academic Support	Student Services	Institutional Support	O&M Physical Plant	Independent Operations	Total All Functions
Year Ended June 30, 2012									
Appropriated funds:									
Faculty/administrative	761.6	14.5	26.9	41.8	59.3	31.1	4.7	-	939.9
Civil service	168.0	8.0	15.7	63.4	39.1	79.6	164.2	-	538.0
Student employees	25.1	0.4	1.3	22.6	7.5	5.5	3.9	-	66.3
Total appropriated	954.7	22.9	43.9	127.8	105.9	116.2	172.8	-	1,544.2
Non-appropriated funds:									
Faculty/administrative	5.7	13.1	86.4	-	44.8	-	9.2	37.7	196.9
Civil service	4.2	0.1	14.9	0.1	53.2	0.6	130.7	84.1	287.9
Student employees	28.2	5.5	6.2	0.3	48.1	1.0	14.2	112.9	216.4
Total non-appropriated	38.1	18.7	107.5	0.4	146.1	1.6	154.1	234.7	701.2
Total all funds	992.8	41.6	151.4	128.2	252.0	117.8	326.9	234.7	2,245.4
Year Ended June 30, 2011									
Appropriated funds:									
Faculty/administrative	755.0	13.9	27.6	42.8	57.7	33.0	5.5	-	935.5
Civil service	173.7	8.0	13.2	63.9	37.2	79.4	163.0	-	538.4
Student employees	23.9	0.4	1.2	21.8	5.7	3.9	3.9	-	60.8
Total appropriated	952.6	22.3	42.0	128.5	100.6	116.3	172.4	-	1,534.7
Non-appropriated funds:									
Faculty/administrative	4.7	13.1	87.3	-	48.5	-	9.8	39.6	203.0
Civil service	4.0	0.2	12.4	0.1	53.1	1.1	128.8	84.7	284.4
Student employees	23.2	3.5	7.4	-	57.3	0.8	12.9	108.7	213.8
Total non-appropriated	31.9	16.8	107.1	0.1	158.9	1.9	151.5	233.0	701.2
Total all funds	984.5	39.1	149.1	128.6	259.5	118.2	323.9	233.0	2,235.9

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Years Ended June 30, 2012 and 2011

Service Efforts and Accomplishments - Enrollment Statistics (Unaudited)

Enrollment figures, as developed by University personnel for the undergraduate and graduate schools during the years ended June 30, 2012 and 2011 are presented below:

	<u>2012</u>	<u>2011</u>
Fall term:		
Undergraduate students	10,029	9,977
Graduate students	1,629	1,677
Extension students	896	931
Total enrollment	<u>12,554</u>	<u>12,585</u>
Full-time equivalent students	<u>10,997</u>	<u>11,019</u>
Spring term:		
Undergraduate students	8,998	9,119
Graduate students	1,534	1,589
Extension students	942	973
Total enrollment	<u>11,474</u>	<u>11,681</u>
Full-time equivalent students	<u>9,938</u>	<u>10,139</u>
Summer term:		
Undergraduate students	1,156	1,241
Graduate students	496	595
Extension students	2,074	2,034
Total enrollment	<u>3,726</u>	<u>3,870</u>
Full-time equivalent students	<u>2,685</u>	<u>2,814</u>
Annual full-time equivalent students (based on average per term exclusive of summer term)	<u>10,468</u>	<u>10,579</u>

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

Schedule of Unrestricted Current Funds
General Expenditures Per Full-Time Equivalent Student*
as Reported to the Board of Higher Education (Unaudited)

	Total Costs**	Total Costs Per Full-Time Equivalent Student*
Direct salary	\$ 39,397,215	\$ 3,764
Indirect instruction	8,119,318	776
Departmental research	2,410,158	230
Departmental overheads	12,758,832	1,219
College or school overheads	5,320,782	508
	<hr/>	<hr/>
Total department and college costs	68,006,305	6,497
	<hr/>	<hr/>
Overhead support unique to a function	7,741,039	740
All other academic support	8,413,907	804
Student services	5,693,685	544
Institutional support	10,523,557	1,005
	<hr/>	<hr/>
Total University overheads	32,372,188	3,093
	<hr/>	<hr/>
Total department and college costs with University overheads	100,378,493	9,590
	<hr/>	<hr/>
Operation and maintenance of physical plant	13,702,142	1,309
	<hr/>	<hr/>
Total costs	<u>\$ 114,080,635</u>	<u>\$ 10,899</u>

NOTE:

* *The number of full-time equivalent (FTE) students for fiscal year 2012 is the sum of FTE students for Fall 2011 and Spring 2012 semesters divided by two.*

Fall 2011 FTE	10,997
Spring 2012 FTE	9,938
Full-time equivalent	10,468

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

Source: FY2012 WIU Discipline Cost Study

**State of Illinois
 Western Illinois University
 Analysis of Operations (Unaudited) (Continued)
 For the Year Ended June 30, 2012**

Analysis of Bookstore Operations (Unaudited)

Contracted/Rents to students/University operated	University operated
Contractor	Not applicable
Contract term	Not applicable
Amount of gross sales for bookstore in FY 2012	\$4,368,088
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
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

Special Data Requirements for University Audits (Unaudited)

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 Western Illinois University (University) financial statements and audit reports for the year ended June 30, 2012, where such special data is found.

Compliance Findings

13(a) A finding of noncompliance with University Guidelines for the year ended June 30, 2012 was noted, see finding 12-9.

Indirect Cost Reimbursements

13(b) A statement of sources and applications of indirect cost reimbursements is included in this report on page 64.

13(c) The University’s calculation sheet for indirect cost carry-forward is included in this report on page 65.

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 68 through 70.

13(f) Entity financial statements are presented on pages 71 through 78 of this report. The entity financial statements should be read in conjunction with University’s audited financial statements for the year ended June 30, 2012.

13(g) The University’s calculation sheets for current excess funds are presented in this report on pages 66 through 67.

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

Special Data Requirements for University Audits (Unaudited) (Continued)

- 13(h) The University Auxiliary Enterprises and activities received \$2,162,020 for group insurance and \$1,212,080 for pensions from State appropriated funds for the year ended June 30, 2012. These amounts of support were estimated by University management.
- 13(i) Revenue and expenditures for the various bond indenture required accounts are included on page 76 of this report. Description of the accounts and requirements is included in Note 8 of the June 30, 2012 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, 2012.
- 13(k) As of June 30, 2012, 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 transactions with the University is presented on page 91 of this report.
- 13(n) The University provided the Foundation with \$1,207,608 in administration and support services during the year ended June 30, 2012, 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, 2012.

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

Special Data Requirements for University Audits (Unaudited) (Continued)

Other Topics

- 13(p) There was no debt financing by the Foundation in fiscal year 2012.
- 13(q) Schedules of cash and investments held by the University are presented in this report on page 56.
- 13(r) Income from investments of pooled funds has been allocated and credited to the original sources of the funds.
- 13(s) A schedule of costs per full-time equivalent student is presented on page 85 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 91 of this report.
- 13(u) On March 30, 2011, the Series 2011 Certificates of Participation were issued in the principal amount of \$11,775,000. Proceeds from the sale of the Series 2011 Certificates of Participation were used for issuance costs and the rest will be used to finance capital improvements projects to several campus buildings as well as Phase II of the campus steam line replacement plan.

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 were used for issuance costs and the rest will be used 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

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

Special Data Requirements for University Audits (Unaudited) (Continued)

the University a party to the COPS issuance. During 2012, the University continued making scheduled payments to the finance company.

- 13(v) The Schedule of Income Fund Revenues and Expenditures is presented on page 55 of this report.
- 13(w) The Schedule of Tuition and Fee Waivers is presented on page 92 through 93 of this report.

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

**Summary of Western Illinois University Foundation Transactions
with the University (Unaudited)**

During the year ended June 30, 2012, 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 for personal service costs, facility use, and other costs amounting to \$1,207,608 for the year ended June 30, 2012. 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, 2012:

Funds considered unrestricted for purpose of the University Guidelines computations:	
Totally unrestricted	\$ 255,350
Restricted only as to campus, college or department and generally available for ongoing University operations	<u>3,369,853</u>
Total funds considered unrestricted	<u>3,625,203</u>
Funds considered restricted for purpose of the University Guidelines computations:	
Total funds given for scholarships, grants and awards	2,120,174
Other restricted funds	<u>598,413</u>
Total funds considered restricted	<u>2,718,587</u>
Total funds provided to the University by the Foundation	<u>\$ 6,343,790</u>

During the year ended June 30, 2012, the Foundation and University did not purchase or receive a donation or gift of real estate with a value in excess of \$250,000.

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

Undergraduate Tuition and Fee Waivers (Unaudited)

	Number of Recipients *	Tuition Waived		Fees Waived	
		Number of Recipients *	Value of Waivers (In Thousands)	Number of Recipients *	Value of Waivers (In Thousands)
<u>MANDATORY WAIVERS</u>					
<u>(SUBTOTAL)</u>	639	638	\$ 3,316.7	36	\$ 62.9
Teacher Special Education	23	22	141.2	23	39.5
General Assembly	77	77	447.6		
ROTC	45	45	323.4		
DCFS	22	22	91.7	13	23.4
Children of Employees	152	152	426.0		
Senior Citizens	2	2	3.6		
Honorary Scholarships					
Veterans Grants & Scholarships**	318	318	1,883.2		
Other (please specify) ***					
<u>DISCRETIONARY WAIVERS</u>					
<u>(SUBTOTAL)</u>	707	707	2,512.8	46	16.1
Faculty/Administrators	7	7	8.5	5	1.8
Civil Service	73	73	114.0	32	10.1
Academic/Other Talent	300	300	730.6		
Athletic	190	190	965.0		
Gender Equity in					
Intercollegiate Athletics	115	115	667.0		
Foreign Exchange Students					
Out-of-State Students					
Foreign Students					
Student Need-Financial Aid					
Student Need-Special Programs					
Cooperating Professionals	7	7	3.9	4	0.2
Research Assistants					
Teaching Assistants					
Other Assistants					
Student Employment	5	5	3.0		
Interinstitutional/Related Agencies	1	1	0.7		
Retired University Employees	6	6	8.3	2	0.4
Children of Deceased Employees	3	3	11.8	3	3.6
Contract/Training Grants					
All Other (please specify)**					
TOTAL	1,346	1,345	\$ 5,829.5	82	\$ 79.0

* 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
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2012

Graduate Tuition and Fee Waivers (Unaudited)

	Number of Recipients *	Tuition Waived		Fees Waived	
		Number of Recipients *	Value of Waivers (In Thousands)	Number of Recipients *	Value of Waivers (In Thousands)
MANDATORY WAIVERS					
(SUBTOTAL)	8	5	\$ 21.1	8	\$ 2.8
Teacher Special Education	7	4	18.6	7	2.1
General Assembly					
ROTC					
DCFS					
Children of Employees					
Senior Citizens	1	1	2.5	1	0.7
Honorary Scholarships					
Veterans Grants & Scholarships**					
Other (please specify) ***					
DISCRETIONARY WAIVERS					
(SUBTOTAL)	1,019	1,001	4,074.6	191	56.5
Faculty/Administrators	60	60	107.3	43	18.9
Civil Service	76	76	159.0	61	22.2
Academic/Other Talent	3	3	12.2		
Athletic	1	1	1.2		
Gender Equity in Intercollegiate Athletics					
Foreign Exchange Students	5	5	56.5		
Out-of-State Students					
Foreign Students					
Student Need-Financial Aid					
Student Need-Special Programs					
Cooperating Professionals	141	141	212.6	67	14.8
Research Assistants	60	60	298.4		
Teaching Assistants	139	139	636.6		
Other Assistants	514	514	2,589.7		
Student Employment	18			18	0.3
Interinstitutional/Related Agencies					
Retired University Employees	2	2	1.1	2	0.3
Children of Deceased Employees					
Contract/Training Grants					
All Other (please specify)**					
TOTAL	1,027	1,006	\$ 4,095.7	199	\$ 59.3

* 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.