

**STATE OF ILLINOIS
EASTERN 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



CliftonLarsonAllen

**STATE OF ILLINOIS
EASTERN 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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The University’s financial statement report for the year ended June 30, 2012, which includes the <u>Independent Auditors’ Report</u> , management’s discussion and analysis, the basic financial statements and notes, supplementary information, and the <u>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 <i>Government Auditing Standards</i></u> has been issued separately.	

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**STATE OF ILLINOIS
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COMPLIANCE REPORT SUMMARY
For the Year Ended June 30, 2012**

UNIVERSITY OFFICIALS

President	Dr. William L. Perry
Provost and Vice President for Academic Affairs	Dr. Blair M. Lord
Vice President for Business Affairs	Dr. William V. Weber
Vice President for Student Affairs	Dr. Daniel P. Nadler
Vice President for University Advancement	Mr. Robert K. Martin
Director of Business Services and Treasurer	Mr. Paul A. McCann, CPA
General Counsel	Mr. Robert L. Miller
Director of Internal Auditing (7/1/11 – 4/30/12)	Ms. Sharon K. McRaven, CPA, CIA
Interim Director of Internal Auditing (5/1/12 – Present)	Ms. Rebecca Litton

BOARD OF TRUSTEES (as of June 30, 2012)

Chairperson	Mr. Roger Kratochvil
Vice Chairperson	Mr. Leo Welch
Secretary	Mr. Joseph R. Dively
Member	Mr. Rene M. Hutchinson
Member	Mr. William E. Dano III
Member	Mr. Kristopher Goetz
Member	Dr. Robert D. Webb
Student Member	Mr. Jarrod Scherle

University offices are located at:
600 Lincoln Avenue
Charleston, Illinois 61920

Office of the President

600 Lincoln Avenue
Charleston, Illinois 61920-3099

Office: (217) 581-2011
Fax: (217) 581-2490



MANAGEMENT ASSERTION LETTER

March 11, 2013

CliftonLarsonAllen LLP
301 SW Adams, Suite 900
Peoria, IL 61615-1835

Ladies and Gentlemen:

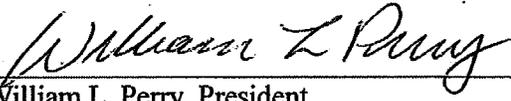
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Eastern Illinois University. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements, except as disclosed to the auditors during the examination. We have performed an evaluation of Eastern Illinois 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, Eastern Illinois University has materially complied with the assertions below.

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

Eastern Illinois University



Dr William L. Perry, President



Dr. William Weber, Vice President for Business Affairs



Mr. Paul McCann, Director of Business Services and Treasurer

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

ACCOUNTANTS' REPORTS

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	16	8
Repeated findings	3	4
Prior recommendations implemented or not repeated	5	1

Details of findings are presented in the separately tabbed report section of this report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
12-1	19	Failure to Capitalize Interest Costs	Material weakness
12-2	21	Improper Accounting for the Student Self-Insurance Health Plan	Significant deficiency
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
12-3	23	Noncompliance with Verification Processing Requirements	Noncompliance and significant deficiency
12-4	25	Lack of Required Written Verification Policies and Procedures	Noncompliance and significant deficiency

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<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
12-5	27	Noncompliance with Perkins Loan Requirements	Noncompliance and significant deficiency
12-6	29	Lack of Time Reporting by Federal Work-Study Graduate Assistants	Noncompliance and significant deficiency
FINDINGS (STATE COMPLIANCE)			
12-7	31	Inadequate Controls over Computer Inventory	Material noncompliance and material weakness
12-8	33	Inadequate Internal Controls over Compliance with the College Student Immunization Act	Material noncompliance and material weakness
12-9	36	Inappropriate Handling of Appropriated Funds	Noncompliance and significant deficiency
12-10	39	Noncompliance with the State Property Control Act	Material noncompliance and material weakness
12-11	41	Noncompliance with the Illinois Procurement Code	Noncompliance and significant deficiency
12-12	43	Inadequate Control over University Vehicles	Noncompliance and significant deficiency
12-13	47	Inaccurate Accounting for Participation in a Public Entity Risk Pool	Noncompliance and significant deficiency
12-14	49	Noncompliance with the <u>University Guidelines</u>	Noncompliance and significant deficiency
12-15	51	Noncompliance with the University Faculty Research and Consulting Act	Noncompliance and significant deficiency
12-16	53	Timesheets not required	Noncompliance and significant deficiency

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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.

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
12-1	19	Failure to Capitalize Interest Costs	Material noncompliance and material weakness
12-2	21	Improper Accounting for the Student Self-Insurance Health Plan	Noncompliance and significant deficiency

PRIOR FINDINGS NOT REPEATED

A	55	Inaccurate Capital Asset Accounting and Depreciation Calculations
B	55	Failure to Provide a Comprehensive Listing of Laws and Regulations
C	55	Late Deposits of Receipts and Refunds
D	56	Delinquent Reporting of Bond Activity
E	56	Noncompliance with Ethics Training Requirements

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EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on March 4, 2013. Attending were:

Eastern Illinois University

William Weber, Vice President of Business Affairs
Paul McCann, Director of Business Services and Treasurer
Michael Hutchinson, Assistant Comptroller
Tami Babbs, Assistant Comptroller
Kathy Reed, Assistant Vice President for Information Technology
Jerry Alan Donna, Director of Financial Aid
Rebecca L. Litton, Interim Director – Internal Auditing
Leigh Cottingham, Internal Auditor Associate
Linda Coffey, Bursar
Lynette Drake, Director of Health Services

Auditor General

Daniel J. Nugent, Audit Manager
Joseph A. Gudgel, Audit Manager

CliftonLarsonAllen LLP

Michael T. Hillary, Partner
Sandy M. Cook, Engagement Director
Todd Davis, Senior Manager

The responses to the recommendations were provided by Paul McCann in a letter dated March 11, 2013.



**INDEPENDENT ACCOUNTANTS' REPORT ON STATE
COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE,
AND ON SUPPLEMENTARY INFORMATION FOR
STATE COMPLIANCE PURPOSES**

Honorable William G. Holland
Auditor General
State of Illinois

and

Board of Trustees
The Eastern Illinois University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Eastern Illinois University's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2012. The management of the Eastern Illinois University is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Eastern Illinois University's compliance based on our examination.

- A. The Eastern Illinois University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Eastern Illinois University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Eastern Illinois University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Eastern Illinois University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Eastern Illinois University on behalf of the State or held in trust by the Eastern Illinois 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 Eastern Illinois University's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Eastern Illinois University's compliance with specified requirements.

As described in items 12-1 and 12-10 in the accompanying schedule of findings and questioned costs, the Eastern Illinois University did not comply with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. Further, as described in items 12-7 and 12-8 in the accompanying schedule of findings and questioned costs, the Eastern Illinois University did not comply with requirements regarding obligating, expending, receiving, and using 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. Compliance with such requirements is necessary, in our opinion, for the Eastern Illinois University to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the Eastern Illinois University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 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 12-2, 12-9, and 12-11 through 12-16.

Internal Control

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

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

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in 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. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items 12-1, 12-7, 12-8, and 12-10 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 12-2, 12-9, and 12-11 through 12-16 to be significant deficiencies.

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

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

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the Eastern Illinois University as of and for the year ended June 30, 2012, and have issued our report thereon dated March 11, 2013, which contained unqualified opinions on those financial statements. Our report was modified to include a reference to other auditors, who audited the financial statements of the Eastern Illinois University's discretely presented component units, as described in our report on the Eastern Illinois University's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eastern Illinois University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to March 11, 2013. The accompanying supplementary information for the year ended June 30, 2012 in Schedules 1 through 24, Schedule 27, and Schedule 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Eastern Illinois 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 24, Schedule 27, and Schedule 29 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 24, Schedule 27, and Schedule 29 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

Other auditors previously audited, in accordance with auditing standards generally accepted in the United States of America, the Eastern Illinois University's basic financial statements for the year ended June 30, 2011 (not presented herein), and have issued their report thereon dated January 31, 2012, which contained an unqualified opinion on the respective financial statements of the business-type activities. Their report was modified to include a reference to other auditors, who audited the financial statements of the Eastern Illinois University's discretely presented component units, as described in their report on the Eastern Illinois University's financial statements. Their audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eastern Illinois University's basic financial statements. The accompanying supplementary information for the year ended June 30, 2011 in Schedules 1 through 24, Schedule 27, and Schedule 29 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 Schedules 1 through 24, Schedule 27, and Schedule 29 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 their opinion, the accompanying supplementary information for the year ended June 30, 2011 in Schedules 1 through 24, Schedule 27, and Schedule 29 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, Schedules 25 through 26, and Schedule 28 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 of the Eastern Illinois University, the Eastern Illinois University's management, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Peoria, Illinois
March 11, 2013

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

Honorable William G. Holland
Auditor General
State of Illinois

and

Board of Trustees
The Eastern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the Eastern Illinois University and its aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2012, which collectively comprise the Eastern Illinois University's basic financial statements and have issued our report thereon dated March 11, 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 Eastern Illinois University's discretely presented component units, as described in our report on the Eastern Illinois 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 Eastern Illinois University is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Eastern Illinois 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 Eastern Illinois University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Eastern Illinois University's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 12-1 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 12-2 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Eastern Illinois 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 Eastern Illinois University's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Eastern Illinois University's responses and, accordingly, we express no opinion on the responses.

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

CliftonLarsonAllen LLP

Peoria, Illinois
March 11, 2013

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

Honorable William G. Holland
Auditor General
State of Illinois

and

Board of Trustees
The Eastern Illinois University

Compliance

We have audited the Eastern Illinois University's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Eastern Illinois University's major federal programs for the year ended June 30, 2012. The Eastern Illinois University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Eastern Illinois University's management. Our responsibility is to express an opinion on the Eastern Illinois University's compliance based on our audit.

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

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

In our opinion, the Eastern Illinois 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, 12-5, and 12-6.

Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of control 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, 12-5, and 12-6. *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 Eastern Illinois University and its discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2012, which collectively comprise the Eastern Illinois University's basic financial statements, and have issued our report thereon dated March 11, 2013, which contains unqualified opinions on those financial statements. Other auditors audited the financial statements of the Eastern Illinois University's discretely presented component units, as described in our report on the Eastern Illinois University's financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Eastern Illinois University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to March 11, 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 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 Eastern Illinois 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 Eastern Illinois University's responses and, accordingly, we express no opinion on the responses.

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

Clifton Larson Allen LLP

Peoria, Illinois
March 11, 2013

**STATE OF ILLINOIS
 EASTERN 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? X Yes No
- Significant deficiency(ies) identified not considered to be material weaknesses? X Yes None Reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified not considered to be material weaknesses? X 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 Circular A-133, Section .510(a) X Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.038, 84.268, 84.033, 84.063, 84.007, 84.379	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and B programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

12-1. **FINDING** (Failure to Capitalize Interest Costs)

The Eastern Illinois University (University) did not properly capitalize interest costs incurred related to the construction of the University's Renewable Energy Center.

In November 2009, the University began construction on the Renewable Energy Center to replace the University's steam plant. While the Renewable Energy Center produced some steam to support campus operations during Fiscal Year 2012, the Renewable Energy Center was not functioning as designed or intended. The University has been working with the University's contractor to identify and remedy issues preventing the Renewable Energy Center from operating at full capacity.

During testing, the auditors noted the University properly recorded the Renewable Energy Center as construction in progress as it was not ready for its intended use; however, the University did not capitalize corresponding interest costs of \$2,011,486 incurred during Fiscal Year 2012 for the Renewable Energy Center. The auditors proposed an adjusting journal entry to the University to correct this error, which the University recorded in the financial statements.

Statement of Financial Accounting Standards No. 34, Paragraphs 17-18, *Capitalization of Interest Cost*, requires the University capitalize interest costs while interest costs are being incurred, activities necessary to get the asset ready for its intended use are in progress, and expenditures for the asset have been made. The capitalization of interest costs ceases only when the asset is substantially complete and ready for its intended use.

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

University personnel stated they chose not to capitalize interest costs incurred during the fiscal year as they viewed not capitalizing these costs as a more conservative accounting practice. However, the auditors note this viewpoint is contrary to the purpose of the interest capitalization requirement as promulgated by the Financial Accounting Standards Board (FASB). In Statement of Financial Accounting Standards No. 34, Paragraph 12, *Capitalization of Interest Cost*, the FASB states:

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CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

The amount of interest cost to be capitalized for qualifying assets is intended to be that portion of the interest cost incurred during the assets' acquisition periods that theoretically could have been avoided (for example, by avoiding additional borrowings or by using the funds expended for the assets to repay existing borrowings) if expenditures for the assets had not been made.

Failure to accurately capitalize interest costs within the University's basic financial statements in accordance with generally accepted accounting principles could have resulted, if not detected and corrected, in a material misstatement of the University's financial position and negatively impacted the State's financial statements. Further, a delay in completing the University's financial audit due to errors and omissions negatively impacts the timely completion of the State's financial statements. (Finding Code No. 12-1)

RECOMMENDATION

We recommend the University capitalize interest cost in accordance with generally accepted accounting principles.

UNIVERSITY RESPONSE

The University has complied with the auditor's recommendation. We have recorded an adjustment to our fiscal year 2012 ledger.

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EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

12-2. **FINDING** (Improper Accounting for the Student Self-Insurance Health Plan)

The Eastern Illinois University (University) did not account for the University's Student Self-Insurance Health Plan in accordance with the accrual basis of accounting.

The University administers a self-insured health plan for students funded by fees paid by the users of the plan, as described in Note 16 on pages 49-50 in the University's financial statements.

During testing, the auditors noted the University accounted for expenditures related to this health plan on the cash, rather than the accrual, basis of accounting. The auditors analyzed Fiscal Year 2012 expenditures paid between July 1, 2012 through October 16, 2012, noting unrecorded self-insurance claims payable and a resultant understatement of self-insurance expense by \$128,018. This amount was deemed immaterial by University management and was not adjusted in the final financial statements.

Governmental Accounting Standards Board Statement No. 34, Paragraph 92, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires the University present both the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets on the accrual basis of accounting using the economic resources measurement focus. The accrual basis of accounting recognizes the financial impact of events and transactions when they occur, regardless of the actual timing of related cash flows. The economic resources measurement focus is designed to report all inflows, outflows, and balances affecting or reflecting the University's net asset position.

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

University personnel stated the errors were due to oversight.

Failure to properly account for the University's Student Self-Insurance Health Plan resulted in an understatement of liabilities and expenditures on the University's basic financial statements and reduces the overall reliability of Statewide financial reporting. (Finding Code No. 12-2)

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EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

RECOMMENDATION

We recommend the University account for the activities of the University's Student Self-Insurance Health Plan on the accrual basis of accounting.

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation. In the future, we will review and, if material, record a liability for claims incurred but not paid.

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EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – FEDERAL COMPLIANCE

12-3. **FINDING** (Noncompliance with Verification Processing Requirements)

Federal Agency: United States Department of Education (USDOE)

Federal Program: Student Financial Aid Cluster

CFDA #: 84.063, 84.038, 84.268, 84.033, 84.007, and 84.379

Total Expenditures: \$95,138,280

Questioned Costs: None

The Eastern Illinois University (University) did not ensure information submitted by students applying for financial aid was properly verified to ensure accurate information was reflected on the Institutional Student Information Report (ISIR).

When a student applying for financial aid is selected for verification, the student is required to provide supporting documentation to the University to verify information provided by the student during the application process for accuracy. If the University identifies a discrepancy between the information provided during the application process and the supporting documentation provided by the student, the University updates the student's information so the ISIR will have correct information when calculating the student's financial aid award.

During verification testing, the auditors noted the following:

- For three of 60 (5%) students tested, the information within the ISIR did not match the verification documentation provided by the students and/or the student's parents. As a result, each student's Expected Family Contribution should have been increased, reducing the total aid provided to the students by \$800. Subsequent to our examination, the University corrected these errors and repackaged each student's financial aid award with the correct information.

Upon selection for verification by either the University or the USDOE's Central Processing System, the Code of Federal Regulations (34 CFR § 668.51 *et seq.*) requires the University verify an applicant's household size, dependency status, number enrolled in college, federal adjusted gross income, federal income tax paid, and certain untaxed income and benefits from supporting documentation.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
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For the Year Ended June 30, 2012**

CURRENT FINDINGS – FEDERAL COMPLIANCE

- For one of 60 (2%) students tested, the University did not “lock” the ISIR following completion of the verification process. As the ISIR was not “locked”, the University allowed the student to make changes to the student’s ISIR after verification, but prior to the packaging of the student’s financial aid award.

The United States Office of Management and Budget, Circular A-110, §__21(b)(3) requires the University establish and maintain internal control to adequately safeguard and maintain accountability for federal funds and provide assurance they are used solely for authorized purposes.

According to University personnel, discrepancies in the information were due to human error.

Failure to properly verify and submit required corrections to student information during the verification process represents noncompliance with Federal regulations, resulting in an inaccurate calculation of a student’s financial aid award. Further, failure to “lock” the ISIR following verification, but prior to the packaging of a financial aid award, could result in inaccurate awards of student financial aid. (Finding Code No. 12-3, 11-3)

RECOMMENDATION

We recommend the University enhance controls over student aid verification to ensure supporting documentation submitted by students agrees with information on the Institutional Student Information Report to minimize the risk of inaccurate awards of student financial aid. Further, the University should “lock” the Institutional Student Information Report following completion of verification procedures.

UNIVERSITY RESPONSE

The University accepts the auditor’s recommendation and will work to enhance procedures involved in student aid verification. The University has corrected the specific errors mentioned above.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – FEDERAL COMPLIANCE

12-4. **FINDING** (Lack of Required Written Verification Policies and Procedures)

Federal Agency: United States Department of Education (USDOE)
Federal Program: Student Financial Aid Cluster
CFDA #: 84.063, 84.038, 84.268, 84.033, 84.007, and 84.379
Total Expenditures: \$95,138,280
Questioned Costs: None

The Eastern Illinois University (University), Office of Financial Aid, did not establish and use written policies and procedures for the verification process.

When a student applying for financial aid is selected for verification, the student is required to provide supporting documentation to the University to verify information provided by the student during the application process for accuracy.

During testing, the auditors noted the University's verification policies did not establish:

- a time period within an applicant must provide verification information to the University; or
- any consequences for an applicant's failure to provide the required supporting documentation within the time period established by the University.

Further, the University's policies did not include a procedure for disseminating information regarding an applicant's responsibilities regarding the verification process.

The Code of Federal Regulations (34 CFR § 668.53(a)) requires the University establish and use written policies and procedures for verification procedures, including the time period within which an applicant must provide any documentation requested by the University and the consequences for an applicant's failure to provide the requested documentation within the specified time period. Further, the Code of Federal Regulations (34 CFR § 668.53(b)) requires the University establish and use written procedures on how the University will timely furnish information to applicants selected for verification regarding the applicant's responsibilities during the verification process.

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For the Year Ended June 30, 2012**

CURRENT FINDINGS – FEDERAL COMPLIANCE

According to University personnel, the University's rolling admissions policy enables students to apply for admissions throughout the year. To accommodate this policy, the University determined it was unnecessary to set deadlines for the submission of verification information by students.

Failure to establish and use written policies and procedures governing the University's verification process represents noncompliance with the Code of Federal Regulations. (Finding Code No. 12-4)

RECOMMENDATION

We recommend the University establish and use written policies and procedures for the verification process, as required by the Code of Federal Regulations.

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation and will adopt written procedures for verifying information provided by an applicant. In addition, as students and parents begin to use the new Internal Revenue Service Data Retrieval Tool the opportunities for human error should be reduced significantly.

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For the Year Ended June 30, 2012**

CURRENT FINDINGS – FEDERAL COMPLIANCE

12-5. **FINDING** (Noncompliance with Perkins Loans Requirements)

Federal Agency: United States Department of Education (USDOE)

Federal Program: Perkins Loans

CFDA #: 84.038

Total Expenditures: \$6,705,185

Questioned Costs: None

The Eastern Illinois University (University) did not have a comprehensive process in place to conduct exit interviews with departing students with a Perkins loans.

During testing, the auditors noted two of 44 (5%) students with Perkins loans separated from the University without completing exit counseling. In following up on this matter with University officials, the University reported the two noted students did not complete exit counseling because they had separated from the University without giving notice to the University. The auditors noted the University did not:

- provide timely exit counseling documentation to the student by mailing materials to the last known address of the student; or,
- place a hold on the student's account to prevent future activity without first fulfilling the student's exist counseling obligations.

The Code of Federal Regulations (34 CFR § 674.42(b)) requires the University conduct exit counseling with each borrower. For borrowers withdrawing from the University without the University's prior knowledge, the University must provide the counseling through interactive electronic means or by mailing counseling materials to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from the University. Further, good internal controls and the University's internal informal procedures require the placement of a hold on a student's future activities until the student complies with the requirements of their federal loan program.

University personnel stated the errors were due to oversight.

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CURRENT FINDINGS – FEDERAL COMPLIANCE

Failure to ensure all students with Perkins Loans either timely complete exit counseling or have a hold placed on the student's account to prevent future activity like ordering transcripts could result in students not understanding their obligations under the Perkins Loan program. (Finding Code No. 12-5)

RECOMMENDATION

We recommend the University implement controls to ensure all separated students with Perkins Loans undergo exit counseling, which includes counseling by mail for students who separate from the University without providing appropriate notification. Further, the University should implement controls to place holds on a student's account if the student does not complete exit counseling.

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation. Each of the situations noted were unusual and caused exceptions to the University's normal policies. Our records show that both students had exit procedures performed but not necessarily as required by Federal Regulations. We will review our procedures in light of these exceptions to determine if our procedures need to be modified to conform to the Federal Regulations. We have corrected both situations noted.

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EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – FEDERAL COMPLIANCE

12-6. **FINDING** (Lack of Time Reporting by Federal Work-Study Graduate Assistants)

Federal Agency: United States Department of Education (USDOE)

Federal Program: Federal Work-Study

CFDA #: 84.033

Total Expenditures: \$398,093

Questioned Costs: None

The Eastern Illinois University (University) did not require graduate assistants receiving Federal Work-Study funds complete time records to substantiate payroll expenditures.

During testing, the auditors noted four of 40 (10%) students tested receiving Federal Work-Study funds employed as graduate assistants did not complete time cards or other documentation to substantiate hours worked. In addition, the auditors noted supervisory approval of hours worked was not documented.

The Code of Federal Regulations (34 CFR § 675.19(b)(2)(i)) requires the University obtain a certification from the students' supervisor – either an official of the University or authorized off-campus agency – that the student worked and earned the amount paid. Further, this certification must include a daily time record for hourly employees.

University personnel stated the University's undergraduate students did not use all of the available Federal Work-Study funding during Fiscal Year 2012, so the University paid graduate assistants from these federal funds. As the University did not have previous experience paying graduate assistants from Federal Work-Study funds, the University – through oversight – did not require time cards from the graduate assistants.

By not requiring time sheets from graduate assistants and certifications from the student employee's supervisor, the University does not have documentation of time spent by graduate assistants as contemplated by Federal regulations. Further, students paid from Federal Work-Study funds may not have worked the minimum contracted hours to earn the funds. (Finding Code No. 12-6)

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For the Year Ended June 30, 2012**

CURRENT FINDINGS – FEDERAL COMPLIANCE

RECOMMENDATION

We recommend the University require graduate assistants complete time cards or other documentation, with the student's supervisor certifying the student worked and earned the amount paid.

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation. The University had never provided Federal Work-Study funds to graduate students in the past and staff was not informed that the changes had occurred. If graduate students are provided Federal Work-Study funds in the future, time reporting will be required.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

12-7. **FINDING** (Inadequate Controls over Computer Inventory)

The Eastern Illinois University (University) was unable to locate 36 computers (33 desktops and laptops and three handheld computers), five external hard drives, and one flashdrive during their annual inventory. These items were deemed by the University to have been lost or stolen during Fiscal Year 2012, totaling \$58,432.

During testing, the auditors noted the University had not protected its computers with encryption software, thus increasing the risk that confidential information could be exposed. Confidential information routinely collected and maintained by the University includes education records, health records, personal information, and sensitive information.

In addition, the University did not perform a detailed assessment and therefore was unable to assess whether the missing computers contained confidential information.

The State Property Control Act (30 ILCS 605/4 and 30 ILCS 605/6.02) requires the University be accountable for the supervision, control, and inventory of all items under its control. In addition, the University had the responsibility to ensure that confidential information is protected from disclosure and that provisions in the Personal Information Protection Act (815 ILCS 530) are followed.

University personnel stated the University is still looking for the missing computers, having recently found 12 of the missing items.

Failure to follow-up on missing computer equipment resulted in a lack of control over State property and increased the risk associated with the potential exposure of confidential information. (Finding Code No. 12-7)

RECOMMENDATION

We recommend the University:

- perform a detailed assessment to determine if any of the missing computers contained confidential information;
- review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers;

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EASTERN ILLINOIS UNIVERSITY
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CURRENT FINDINGS – STATE COMPLIANCE

- establish procedures to immediately notify security personnel of any missing or stolen computers to allow them to assess if a computer may have contained confidential information and document the results of the assessment; and,
- ensure confidential information is adequately secured with methods such as encryption or redaction.

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation. Of the items noted as originally missing, twelve of the items were found during a more intensive search of the campus. The University has begun conducting an internal review to determine what information may have been stored on the remaining computers. The University's Business Office has also begun notifying the Assistant Director of Information Security when reports of lost or stolen computer equipment are received.

**STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

12-8. **FINDING** (Inadequate Internal Controls over Compliance with the College Student Immunization Act)

The Eastern Illinois University (University) had weaknesses in the University’s internal controls over compliance with the College Student Immunization Act (Act).

The Act imposes specific duties and responsibilities on higher education students and institutions within the State of Illinois, including the following:

- The Act (110 ILCS 20/2) requires the University’s students enrolled at least half-time in on-campus classroom instruction born after December 31, 1956 (covered students) present proof the student has received immunizations against preventable communicable diseases, unless the student documents a specific statutory exemption. According to University officials, a student enrolled in six or more credit hours of classes is considered by the University to be, at least, a half-time student.
- The Act (110 ILCS 20/4) requires the University preclude covered students who fail to present appropriate documentation to the University from registering in a subsequent term or semester until the student complies with the law.
- The Act (110 ILCS 20/6) requires the University prepare and file a report with the Department of Public Health by the eighth week of the Fall semester on a form prepared by the Department. The Department of Public Health’s form required the University provide a reconciliation of both new covered students enrolled in their first semester and all covered students.

During testing, the auditors obtained the University’s annual immunization report for Fall 2011 covered students, noting the following immunization data was submitted to the Department of Public Health:

Immunization Data Reported to the Department of Public Health		
Covered Students, by Reported Category	New Students	All Students
Total Students with Medical Exemptions	4	20
Total Students with Religious Exemptions	6	10
Total Students Immune to Communicable Diseases	1,918	9,284
Total Noncompliant Covered Students	458	116
Total Students, by Individual Reporting Categories	2,386	9,430
Total Students, as Filed by the University	2,376	9,310
Difference	10	120

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
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For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

During testing, the auditors noted the following internal control weaknesses:

- The summation of the total students by category reported on the form did not agree to the total number of reported students, as noted in the chart on the preceding page. The University was unable to provide a reconciliation of the difference to the auditors.
- The University provided the auditors with a listing of new students enrolled for Fall 2011 (2,268) that did not agree with the number of new covered students first enrolled in Fall 2011 reported to the Department of Public Health (2,386). The University was unable to provide a reconciliation of the difference to the auditors.

Due to these limitations, the auditors were unable to conclude whether the University was in compliance with the Act (110 ILCS 20/6).

- The data reported for noncompliant covered students contains discrepancies, as the 458 new students should represent a minimum number for the number of noncompliant covered students across the entire covered student population. The University, however, only reported a total population of 116 noncompliant covered students across the entire campus.

In discussing this matter with the University's Health Services officials, it was determined the University incorrectly completed the form and the 116 noted total students were actually the University's non-freshmen students who were not in compliance with the Act. Due to inadequate records, the University was unable to provide evidence supporting these 116 students had only first become covered students during the Fall 2011 semester and were therefore not enrolled and attending classes during a term where they were actually ineligible to register for classes.

Due to this limitation, the auditors were unable to conclude whether the University was in compliance with the Act (110 ILCS 20/4).

Good internal control over compliance requires the University establish and maintain a system of administrative internal controls to provide assurance the University complies with the provisions of the College Student Immunization Act. Further, the University's internal control structure should include sufficient audit trails and documentation to substantiate compliance for accountability purposes or an external review conducted by the Department of Public Health, as provided for by the Illinois Administrative Code (77 Ill. Admin. Code 694.120(c)).

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EASTERN ILLINOIS UNIVERSITY
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CURRENT FINDINGS – STATE COMPLIANCE

According to University officials, the noted errors were due to oversight.

Failure to establish and maintain a system of internal controls to provide assurance the University complies with statutory provisions within the College Student Immunization Act could result in ineligible students enrolling for and attending classes on campus and increases public health risks from communicable diseases. (Finding Code No. 12-8)

RECOMMENDATION

We recommend the University establish and maintain a system of internal controls to monitor covered student compliance, identify noncompliant students and preclude them from enrolling in subsequent academic terms, accurately report summary information to the Department of Public Health, and provide sufficient audit trails for accountability.

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation. The original report filed with the Illinois Department of Public Health was incorrect. Further, the University could not provide the auditor with a copy of the listing of students that generated the State report. The University believes that it is in compliance with all other requirements of the Act and in the future will assure that the report is filed accurately and supporting detail is maintained for subsequent review. The University believes that it has placed holds on the accounts of all non-compliant students to prevent re-registration for subsequent semesters.

**STATE OF ILLINOIS
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 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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CURRENT FINDINGS – STATE COMPLIANCE

12-9. **FINDING** (Inappropriate Handling of Appropriated Funds)

The Eastern Illinois University (University) improperly used funds appropriated by the General Assembly.

During Fiscal Year 2012, the University received an appropriation (Public Act 97-0069) for “\$12,000, or so much thereof as may be necessary” from the State College and University Trust Fund for scholarship grant awards, in accordance with the Illinois Vehicle Code (625 ILCS 5/3-629(d)).

During testing, the auditors noted the following timeline for events impacting the award of these scholarship awards:

Date	Event
February 1, 2011	Due Date for Legacy Scholarship Awards to the Eastern Illinois University Alumni Association
February 2011	The University awards six \$1,000 scholarship awards to incoming freshmen, contingent upon the student enrolling at the University.
August 3, 2011	The University submits an invoice voucher to the Office of the State Comptroller for the entire appropriation of \$12,000 on August 3, 2011 for “scholarship [sic] awarded to the children or grandchildren of Eastern graduates.” The University deposits the cash receipts into a local fund at the University dedicated to cash receipts from the State College and University Trust Fund, with other excess appropriation draws from previous fiscal years.
August 22, 2011	The University has one scholarship recipient ultimately enroll in the University and posts the \$1,000 scholarship to the student’s account, using \$1,000 of the cash previously deposited into the local fund.

At June 30, 2012, the University was holding \$12,033 in the local fund from excess appropriation draws from the State Treasury.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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CURRENT FINDINGS – STATE COMPLIANCE

The auditors noted the following noncompliance:

- The University did not expend \$11,000 of appropriated funds drawn from the State Treasury for scholarships within Fiscal Year 2012.

The State Finance Act (30 ILCS 105/25(a)) states, “All appropriations shall be available for expenditure for the fiscal year or for a lesser period if the Act making that appropriation so specifies.” The Illinois Vehicle Code (625 ILCS 5/3-629(d)) states receipts from collegiate license plates “shall be used for the sole purpose of scholarship grant awards to Illinois residents.”

- The University submitted an invoice voucher for scholarship expenditures not incurred as of the date of the submission to the Office of the State Comptroller. Further, the University did not draw only amounts actually awarded to students through scholarships or return unexpended funds to the State Treasury.

The University certified to the State Comptroller on a standard Invoice Voucher (Form C-13) that “the goods or services specified on this voucher were for the use of this agency and that the expenditure for such goods or services was authorized and lawfully incurred” and “the amount shown on this voucher is correct” under the State Finance Act (30 ILCS 105/9.04).

- The University did not return the overpayment of \$11,000 not expended during Fiscal Year 2012 or previous fiscal year overpayments on scholarships to the State College and University Trust Fund within the State Treasury.

The Statewide Accounting Management System, Procedure 25.20.20, specifies a process for the return of an overpayment from the State Treasury.

According to University officials, the University plans to return the funds to the State Treasury subsequent to the examination.

Failure to expend appropriations for the specific purpose as specified by the General Assembly within the fiscal year violates the appropriation process and limits legislative control. (Finding Code No. 12-9)

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

RECOMMENDATION

We recommend the University implement controls to ensure scholarship awards from appropriated funds are lawfully incurred prior to seeking reimbursement from the State Treasury.

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation and has returned the unused funds to the State Treasury.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

12-10. **FINDING** (Noncompliance with the State Property Control Act)

The Eastern Illinois University (University) did not accurately report the results of the University's annual physical inventory check to the Director of the Department of Central Management Services (Administrator).

During testing, the auditors noted the University certified to the Administrator that the University was able to locate all equipment items identified as either a high theft item or an item with an acquisition cost of \$500 or more during the annual inventory check.

In following up on this matter, University officials reported to the auditors there were actually 104 pieces of unfound equipment items valued at \$121,502, which includes the lost or stolen computer equipment noted in Finding 12-7. According to an official within the University's Business Office, the University did not report these items as unfound because the University prepared and submitted deletion requests for the unfound inventory prior to submitting the annual report to the Administrator, allowing the University to report there were no missing or unfound inventory items.

The State Property Control Act (30 ILCS 605/6.04) requires the University conduct an annual "actual physical inventory check of all items of property under his jurisdiction and control and said inventory shall be certified to the administrator with a full accounting of all errors or exceptions reported therein."

As the original documentation provided by the University made no mention of any lost or unfound items, the University did not properly disclose to either the Administrator or the auditors necessary financial information and the associated significant internal control weakness. Failure to provide a full accounting of all unfound equipment during the University's annual inventory check represents noncompliance with the State Property Control Act and limits government oversight and accountability. (Finding Code No. 12-10)

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

RECOMMENDATION

We recommend the University provide a full accounting of all unfound property during the University's annual inventory check to the Administrator, including all items the University classifies as unfound after the completion of the annual inventory check.

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation and, in the future, will provide a report that includes all unfound items noted during the annual inventory.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

12-11. **FINDING** (Noncompliance with the Illinois Procurement Code)

The Eastern Illinois University (University) did not comply with certain requirements of the Illinois Procurement Code (Code).

During testing, the auditors noted the following:

- The University did not give notice after December 20, 2011 within the Illinois Public Higher Education Procurement Bulletin or provide a monthly summary report to the Chief Procurement Officer after entering into any contract paid for by any source of University funds for the following exempted goods or services:
 - 1) memberships in professional, academic, or athletic organizations on behalf of the University as a whole, an employee, or a student;
 - 2) events or activities paid for exclusively by revenues generated by the event or activity, gifts or donations for the event or activity, private grants, or any combination thereof; or
 - 3) events or activities for which the use of specific vendors is mandated or identified by the sponsor of the event or activity, provided that the sponsor is providing a majority of the funding for the event or activity.
- The University did not have a process to track the award of contracts for either:
 - events or activities paid for exclusively by revenues generated by the event or activity, gifts or donations for the event or activity, private grants, or any combination thereof; or,
 - events or activities for which the use of specific vendors is mandated or identified by the sponsor of the event or activity, provided that the sponsor is providing a majority of the funding for the event or activity.

The Code (30 ILCS 500/1-13(b)), requires the University provide notice within the Illinois Public Higher Education Procurement Bulletin within 14 days of entering into these contracts after December 20, 2011. Further, the University must provide a monthly report identifying all of these contracts to the Chief Procurement Officer, noting the name of the contractor, a description of the supply or service provided under the contract, the total amount of the contract, the term of the contract, and the specific exception utilized by the University with the Illinois Procurement Code.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

According to University officials, the University did not implement the changes due to oversight.

Failure to implement internal controls to identify and report transactions involving contractual obligations exempt from procurement process requirements represents noncompliance with the Illinois Procurement Code. (Finding Code No. 12-11)

RECOMMENDATION

We recommend the University implement controls to identify exempt contracts, publish notice of contracts in the Illinois Public Higher Education Procurement Bulletin, and file required reports with the Chief Procurement Officer.

UNIVERSITY RESPONSE

The University accepts the auditor's recommendation. The University will attempt to comply with the Procurement Code after getting further clarification from the Chief Procurement Officer for Higher Education. The University did not intentionally disregard 30 ILCS 500/1-13. Since memberships had previously been subject to the small purchase limits, the University specifically requested an interpretation of the Code as it related to memberships, since literal compliance with the Code would greatly increase the amount of work required of University staff. We were told that only transactions that exceeded the small purchase limits were subject to the disclosure. When we learned that the interpretation received was incorrect we immediately complied with the Code.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

12-12. **FINDING** (Inadequate Control over University Vehicles)

The Eastern Illinois University (University) did not exercise adequate internal control over the University's vehicles. At June 30, 2012, the University reported owning 201 operable vehicles and seven dealer cars loaned to the University for athletic coaches.

During testing, the auditors noted the following:

- The University does not collect and maintain odometer readings on a regular basis for University-owned vehicles. As a result, the University was unable to perform an analysis of vehicle usage to ensure vehicle usage by employees is reasonable and whether maintaining each vehicle can be justified as the most cost effective solution for the specific operational needs of the University.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of fiscal and administrative controls to provide assurance State resources are utilized efficiently and effectively.

- The University does not have a policy in place requiring all University-owned vehicles to undergo regular service and/or repairs in order to maintain the vehicles in a road worthy and safe operating condition.
- During University-owned vehicle maintenance testing, the auditors noted:
 - one of 25 (4%) vehicles tested, a 2006 Ford Taurus, was driven 32,651 miles over 675 days between regular maintenance events; and,
 - three of 25 (12%) vehicles tested, including two 1995 Buick Wagons and a 1994 Ford Aerostar, did not have any recorded odometer readings during Fiscal Year 2012 or any vehicle maintenance records. According to University officials, these vehicles were either traded or disposed of by the University; however, they appeared in the operable vehicle listing and not on the "Traded/Disposed of" vehicle listing at June 30, 2012.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of fiscal and administrative controls to provide assurance State property is safeguarded against waste and loss. Good internal controls require a uniform policy and monitoring to protect University vehicles from deterioration and as a preventive measure against excessive future repair costs.

- The University did not ensure all University-owned vehicles were identified by a special registration plate (U-plate). During testing, the auditors noted the following:
 - The University’s School of Family and Consumer Sciences received a federal grant through the State of Illinois, Department of Human Services, to operate the Child Care Resource and Referral program. Using these federal funds, the University obtained:
 - vanity plates with the initials of the program on a 2000 Dodge van used by the program; and,
 - regular State license plates on a 2006 Ford van used by the program.
 - The University has a 1983 Chevrolet C-30 bus with M-plates, which is used for transporting handicapped individuals.

The State Vehicle Identification Act (30 ILCS 610/2) requires vehicles not exempt from identification be identified by a special registration plate. The Office of the Secretary of State has designated the U-plate as the appropriate license plate for a State university. According to officials at the Department of Central Management Services, the State offers handicapped U-plates.

- The University President received five annual certifications from employees assigned to a specific University-owned or University-leased vehicle on an ongoing basis. During testing, the auditors noted the following:
 - Three of five (60%) individuals filing certifications for an assigned vehicle did not agree with the user of the vehicle as recorded on the University’s operable vehicle listing.
 - The auditors noted seven vehicles classified as “loaner” vehicles on the University’s operable vehicle listing assigned to specific individuals; however, these individuals did not file an annual certification with the University President.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

The Illinois Vehicle Code (625 ILCS 5/7-601(c)) requires employees assigned a specific vehicle owned or leased by the University on an ongoing basis provide a certification to the University President affirming the employee is licensed to drive and the employee either has liability insurance coverage or has filed an appropriate financial responsibility bond with the Office of the Secretary of State extending to the employee when the assigned vehicle is used for other than official State business each calendar year in July or within 30 days of any new assignment of a vehicle, whichever is later.

- The University did not timely update the University’s operable vehicle listing. The auditors noted two vehicles listed as “to be junked” at June 30, 2012 that had actually been sold to a scrap dealer in 2009 and 2010 with the approval of the Department of Central Management Services.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of fiscal and administrative controls to provide assurance resources applicable to operations are properly recorded and accounted for to maintain accountability over the State’s resources. Good internal controls require the University update the University’s operable vehicle listing upon a change in a vehicle’s ownership status by the University.

University officials stated the errors were due to oversight.

Failure to collect and maintain regular odometer readings on University-owned vehicles could result in the University not identifying either improperly used vehicles or vehicles that cannot be justified as the most cost effective solution for the specific operational needs of the University. Failure to adopt a written policy and monitoring process for maintaining all University-owned vehicles could result in some vehicles not receiving proper repair and maintenance, potentially decreasing their performance and useful lives. Further, failure to ensure all University-owned vehicles are identified with the proper special registration plate represents noncompliance with the State Vehicle Identification Act and the purchase of vanity license plates may result in unallowable costs being charged to a federal program. In addition, the University President should ensure all employees assigned a specific University-owned or University-leased vehicle file the certification required by the Illinois Vehicle Code. Finally, failure to update the University’s operable vehicle listing upon a change of a vehicle’s ownership status limits the reliability and usefulness of the University’s operable vehicle listing. (Finding Code No. 12-12)

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EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

RECOMMENDATION

We recommend the University:

- collect, maintain, and review odometer readings on a regular basis to provide assurance University-owned vehicles are being properly used and whether each vehicle can be justified as the most cost effective solution for the University's specific operational needs;
- adopt a policy and implement internal controls to ensure all University vehicles undergo regular service and/or repair;
- ensure all University-owned vehicles display the proper special registration plate (U-plate) as required by State law;
- ensure all employees assigned a specific University-owned or University-leased vehicle file the annual certification with the University President as required by State law; and,
- timely update the University's operable vehicle listing.

UNIVERSITY RESPONSE

The University accepts the auditor's recommendation. The University maintains odometer readings on all vehicles for which maintenance is done by the University's staff. Some departments elect to have maintenance done outside of the University and, currently, those departments are responsible for monitoring vehicle usage and obtaining necessary maintenance. We will change our procedures so that one office is responsible for collecting odometer readings and monitoring vehicle usage for all University vehicles. The use of license plates will be corrected and annual insurance certifications will be obtained.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

12-13. **FINDING** (Inaccurate Accounting for Participation in a Public Entity Risk Pool)

The Eastern Illinois University (University) did not accurately account for its participation in the State University Risk Management Association (SURMA).

The University has been a member of SURMA since its inception on February 1, 1996. SURMA was created as a successor to the Board of Governors' Self-Insurance Liability Program. SURMA was initially funded by the surplus of the Board of Governors' Self-Insurance Liability Program upon its termination (treated as capital contributions of the original participants), as well as additional contributions which were assessed to the members. The SURMA members are the Chicago State University, the Eastern Illinois University, the Governors State University, the Northeastern Illinois University, and the Western Illinois University. Each university has an employee appointed as a member to the SURMA Board, which meets on a quarterly basis.

During testing, the auditors noted the University failed to appropriately record the University's share of excess capital contributions to SURMA, electing to record the excess capital contributions at last fiscal year's amount of \$729,712 instead of this fiscal year's amount of \$686,692. As a result of this error, the University's assets are overstated by \$43,020 and the University's insurance expense is understated by \$43,020. This amount was deemed immaterial by University management and was not adjusted in the final financial statements.

In accordance with Generally Accepted Accounting Principles, all assets, liabilities, revenues, and expenses should be recorded in the University's financial statements. Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of fiscal and administrative controls to provide assurance resources and expenditures applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

University officials stated SURMA's financial audit was not available when the University prepared its Fiscal Year 2012 financial statements; therefore, the University did not adjust its share of the excess capital contributions to SURMA at June 30, 2012. However, the auditors note SURMA's Fiscal Year 2012 *Independent Auditors' Report* was dated on September 14, 2012 while the University's GAAP Packages were due to the Office of the State Comptroller on or before September 30, 2012 in accordance with the Statewide Accounting Management System (Procedure 27.10.10).

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

Failure to properly account for the University's participation in SURMA resulted in an overstatement of assets and understatement of expenditures on the University's basic financial statements and reduces the overall reliability of Statewide financial reporting. (Finding Code No. 12-13, 11-1)

RECOMMENDATION

We recommend the University implement controls to monitor the activities of SURMA and properly account for its participation in SURMA in accordance with Generally Accepted Accounting Principles.

UNIVERSITY RESPONSE

The University disagrees with the auditor's recommendation. The concept of an audit as stated in the auditor's opinion letter and in the representation letter that the auditor asks the University to sign is that the financial statements are free of material misstatement or, put another way, there are no material transactions that have not been recorded within the financial statements. In our opinion, a transaction of \$43,020 is not material and does not lead to a material misstatement of the financial statements. The University reviewed the entry and made an informed decision not to record it. The University monitors and properly accounts for its participation in SURMA.

AUDITORS' COMMENT

The management of the Eastern Illinois University has made a decision not to record potential adjustments to the financial statements for transactions that occurred during the year based on the concept of materiality. Materiality judgments are critical in determining whether the financial statements are fairly presented in accordance with generally accepted accounting principles. Inherent in the rendering of an audit opinion is the recognition that the financial statements cannot precisely present financial position or results of operations. Such precision is not attainable because of limitations in the accounting measurement process, such as an accounting estimate.

Considering the facts and circumstances listed in the finding, the specific accounts and amounts were not subject to an accounting estimate. In fact, these amounts were actual adjustments that could and should have been made to the financial statements, regardless of materiality.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

12-14. **FINDING** (Noncompliance with the University Guidelines)

The Eastern Illinois University (University) had subsidies between accounting entities during Fiscal Year 2012.

During testing of the University Guidelines, the auditors noted the following entities with negative cash balances at the beginning and end of Fiscal Year 2012 (a negative cash balance is – in effect – an unbooked interfund payable/receivable), thereby causing a subsidy between funds to occur:

- Outdoor Education
- Geology Field Studies Even
- Biological Science Field Trips

The Legislative Audit Commission’s University Guidelines, adopted in 1982 and as amended in 1997, (Chapter III, 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.”

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of fiscal and administrative controls to provide assurance funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities. Good internal controls include ensuring fees charged for services are sufficient to cover expenditures to prevent subsidies between accounting entities.

According to University officials, the University has a different interpretation of the requirements of the University Guidelines.

The existence of a subsidy between accounting entities is a violation of the University Guidelines. (Finding Code No. 12-14)

RECOMMENDATION

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

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation. The University Guidelines in Chapter III, Section C, state that "Each institution shall maintain accounting entities for auxiliary enterprises and for activities. Each entity shall consist of undertakings which are substantially similar and rationally related." The items mentioned above are undertakings and when combined with other similar undertakings form an entity called the Unique Charges Credit Courses Entity. Accounts receivable exist to cover the cash deficits identified. Further, our review of the undertakings indicate that fees were sufficient to cover the costs of the programs offered.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

12-15. **FINDING** (Noncompliance with the University Faculty Research and Consulting Act)

The Eastern Illinois University (University) did not always ensure compliance with the University Faculty Research and Consulting Act.

During testing, the auditors noted the following:

- Six of nine (67%) Approval for Outside Employment request forms submitted by five tested faculty members during Fiscal Year 2012 were approved by the University's Provost between four to 249 days late.
- Three of five (60%) faculty members approved for outside employment tested did not file a complete annual statement of the amount of time actually spent on six outside employment cases with the University's Provost.
- One of five (20%) faculty members approved for outside employment did not complete an annual statement of the amount of time actually spent on one outside employment case with the University's Provost.

The University Faculty and Research Consulting Act (110 ILCS 100/1) prohibits full-time University faculty members from undertaking, contracting for, or accepting anything of value in return for research or consulting services for any person other than the University unless the faculty member:

- a) has submitted a request to the University President, or designee, which includes an estimate of the amount of time involved;
- b) received the prior written approval of the University President, or designee, to perform the outside research or consulting services; and,
- c) submits to the University President, or designee, an annual statement of the amount of time actually spent on outside research or consulting services.

The University President has designated the University's Provost as his designee for approvals and recordkeeping in the University's Internal Governing Policy #22.

According to University officials, the noted errors were due to oversight.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

Failure to ensure faculty members with outside research, consulting services, or employment obtain written pre-approval from the University Provost and file annual reports with the University Provost of the amount of time spent on during the preceding fiscal year on outside research, consulting services, or employment represents noncompliance with the University Faculty and Research and Consulting Act. (Finding Code No. 12-15)

RECOMMENDATION

We recommend the University Provost implement internal controls to ensure faculty members with outside research, consulting services, or employment receive written pre-approval to conduct the requested activity and annually disclose time spent on these activities in accordance with State law.

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation. The University will institute procedures to assure that faculty members receive timely approval of their outside research and consulting services. We will work with faculty members to obtain an appropriate indication of the actual time spent on the projects.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

12-16. **FINDING** (Timesheets not Required)

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

During testing, the auditors noted the University only requires positive time reporting for non-faculty employees. Faculty employees are required to certify that they have met their work schedule obligations as set forth in their individual Assignment of Duties Form; however, they do not report their time to the nearest quarter hour in accordance with the Act.

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

According to University officials, faculty members work in accordance with their contract. The contract defines faculty responsibilities in terms of credit units; therefore, faculty members report that they worked in accordance with their contract.

By not requiring time sheets from all of its employees, the University does not have complete documentation of time spent by employees on official State business as contemplated by the Act. (Finding Code No. 12-16, 11-7, 10-3, 09-4, 08-5, 07-4, 06-3, 05-4)

RECOMMENDATION

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

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

CURRENT FINDINGS – STATE COMPLIANCE

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendation. The University has implemented a system that allows employees to document time spent on official State business in accordance with the Act. All University employees use the system. However, faculty members, in accordance with their union contract, use the system to document that they have worked in accordance with the contract. We will continue to work with the faculty in an attempt to obtain compliance.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Inaccurate Capital Asset Accounting and Depreciation Calculations)

During the prior examination, the Eastern Illinois University (University) did not properly calculate current depreciation and improperly classified completed projects in the University's financial statements. (Finding Code No. 11-2, 10-1)

Status: Implemented

During the current examination, the auditors' testing did not disclose calculation errors for depreciation or any improperly classified completed projects in the University's financial statements.

B. **FINDING** (Failure to Provide a Comprehensive Listing of Laws and Regulations)

During the prior examination, the Eastern Illinois University (University) did not have a comprehensive and complete listing of laws and regulations applicable to the University. (Finding Code No. 11-4)

Status: Implemented

During the current examination, the auditors noted the University compiled a listing of laws and regulations applicable to the University.

C. **FINDING** (Late Deposits of Receipts and Refunds)

During the prior examination, the Eastern Illinois University (University) did not timely deposit receipts and refunds. (Finding Code No. 11-5, 10-5)

Status: Implemented

During the current examination, the auditors' sample testing indicated the University was making timely deposits in accordance with the University's Internal Governing Policy #102.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

PRIOR FINDINGS NOT REPEATED

D. **FINDING** (Delinquent Reporting of Bond Activity)

During the prior examination, the Eastern Illinois University (University) did not timely submit transaction reporting for its revenue bond principal and interest payments to the Office of the State Comptroller. (Finding Code No. 11-6)

Status: Implemented

During the current examination, the auditors noted the University timely submitted all required *Notice of Payment of Bond Interest and/or Principal* reports (Form C-08) to the Office of the State Comptroller.

E. **FINDING** (Noncompliance with Ethics Training Requirements)

During the prior examination, the Eastern Illinois University (University) did not have adequate internal controls to ensure new University employees timely completed ethics training. (Finding Code No. 11-8, 10-4)

Status: Implemented

During the current examination, the auditors' sample testing indicated new University employees were timely completing ethics training.

**STATE OF ILLINOIS
EASTERN 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
 - Analysis of State Appropriations
 - Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Significant Lapse Period Expenditures
 - Analysis of the University's Income Fund
 - Comparative Schedule of Revenues and Expenses
 - Analysis of Significant Account Balances
 - Schedule of Changes in Capital Assets
 - Comparative Schedule of Cash and Cash Equivalents
 - Comparative Schedule of Investments
 - Analysis of Significant Variations in Revenue and Expense Accounts
 - Analysis of Significant Variations in Asset and Liability Accounts
 - Analysis of Accounts Receivable
 - Entity Financial Statements and Related Information
 - Auxiliary Facilities, Activities, and Accounting Entities
 - Auxiliary Enterprises – Revenue Bonds
 - Statement of Current Funds (Unrestricted)
 - Balance Sheet by Entity
 - Revenues and Expenditures by Entity
 - Statement of Changes in Fund Balances by Entity
 - Statement of Plant Funds
 - Balance Sheet by Entity
 - Statement of Changes in Fund Balances by Entity
 - Auxiliary Enterprises – Other
 - Statement of Current Funds (Unrestricted)
 - Balance Sheet by Entity
 - Revenues and Expenditures by Entity
 - Statement of Changes in Fund Balances by Entity
 - Statement of Plant Funds
 - Statement of Changes in Fund Balances by Entity
 - Auxiliary Enterprises – Designated Funds
 - Statement of Current Funds
 - Balance Sheet by Entity
 - Statement of Changes in Fund Balances by Entity
 - Statement of Plant Funds
 - Statement of Changes in Fund Balances by Entity

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2012
SUMMARY**

- Fiscal Schedules and Analysis (continued)
 - Calculation Sheets for Current Excess Funds (Unaudited)
 - Auxiliary Enterprises – Revenue Bonds (Unaudited)
 - Auxiliary Enterprises – Other (Unaudited)
 - Auxiliary Enterprises – Designated Funds (Unaudited)
 - Analysis of Indirect Cost Reimbursements
 - Schedule of Sources and Applications
 - Calculation Sheet for Indirect Cost Carry-Forward (Unaudited)
 - Schedule of Federal Expenditures, Nonfederal Expenses, and New Loans

- Analysis of Operations (Unaudited)
 - Functions and Planning Program (Unaudited)
 - Employment Statistics (Full-Time Equivalent) (Unaudited)
 - Annual Cost Statistics (Unaudited)
 - Emergency Purchases (Unaudited)
 - Bookstore Information (Unaudited)
 - Service Efforts and Accomplishments (Unaudited)
 - University Guidelines (as amended in 1997) (Unaudited)
 - Special Data Requirements for University Audits (Unaudited)
 - Summary of Eastern Illinois University Foundation Transactions with the University (Unaudited)
 - Summary of Eastern Illinois University Alumni Association, Inc. Transactions with the University (Unaudited)
 - Undergraduate Tuition and Fee Waivers (Unaudited)
 - Graduate Tuition and Fee Waivers (Unaudited)
 - Schedule of Accrued Liabilities for Employee Compensated Absences (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that Schedules 1 through 24, Schedule 27, and Schedule 29 have 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 accountant's report also states the Analysis of Operations Section, Schedules 25, 26, and 28 have 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
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

<u>Federal Grantor/Pass Through Grantor/Program/Grant Title</u>	<u>CFDA Number</u>	<u>Federal Project or Pass-Through Number</u>	<u>FY12 Expenditures</u>
MAJOR PROGRAM - STUDENT FINANCIAL AID CLUSTER			
U.S. DEPARTMENT OF EDUCATION			
<i>Federal Perkins Loans - Federal Capital Contributions</i>	84.038		\$ 6,705,185
<i>Federal Direct Student Loans</i>	84.268	P268K120106	71,800,332
<i>Federal Work-Study Program</i>	84.033	P033A111143	398,093
<i>Federal Pell Grant Program</i>			
FY11	84.063	P063P100106	191,352
FY12	84.063	P063P110106	15,368,815
			15,560,167
<i>Federal Supplemental Educational Opportunity Grants</i>			
FY11	84.007	P007A101143	44,560
FY12	84.007	P007A111143	247,443
			292,003
<i>Teacher Education Assistance For College And Higher Education Grants</i>			
FY11	84.379	P379T110106	11,000
FY12	84.379	P379T120106	371,500
			382,500
Total Financial Aid Cluster			95,138,280
RESEARCH AND DEVELOPMENT CLUSTER			
NATIONAL SCIENCE FOUNDATION			
<i>Biological Sciences</i>			
RUI: Whole Genome Analysis of Hepatic Gene Silencing	47.074	MCB-0841653	40,027
NSF LSU Animal Desiccation	47.074	60781	4,983
			45,010
<i>Education and Human Resources</i>			
Enhancing undergraduate education through student-led research in biomass renewable energy	47.076	DUE-1139977	34,294
<i>Mathematical and Physical Sciences</i>			
RUI: Structural Characterization of Ionic and Radical Complexes by High Resolution Spectroscopy	47.049	CHE-0809387	62,818
RUI: Photoreactive Crystalline Raceamic and Quasiracemic Materials	47.049	CHE-0957391	69,750
MRI: Acquisition of a Scanning Probe Microscope	47.049	CHE-1039894	231,632
MRI: Acquisition of a Single-Crystal X-Ray Diffractometer	47.049	CHE-0722547	8,100
			372,300
<i>Polar Programs</i>			
The Social Dynamics of Early Beothuk-European Relations in Trinity Bay, Newfoundland	47.078	ARC-1011781	3,330
TOTAL NATIONAL SCIENCE FOUNDATION			454,934
U.S. DEPARTMENT OF THE INTERIOR			
Passed-Through the Illinois Department of Natural Resources			
<i>State Wildlife Grants</i>			
Effects of habitat fragmentation on sensitive aquatic species	15.634	T-50-D-1	(1)
Seed Ecology and population genetic studies for Scutteriaria Floridian and Pinguicula ionantha	15.657	2011-04935-01	1,418
TOTAL U.S. DEPARTMENT OF THE INTERIOR			1,417

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

SCHEDULE 1

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

<u>Federal Grantor/Pass Through Grantor/Program/Grant Title</u>	<u>CFDA Number</u>	<u>Federal Project or Pass-Through Number</u>	<u>FY12 Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)			
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Research Related to Deafness and Communication Disorders</i>			
Interaction of ApoE with Estrogen in the Olfactory System	93.173	2R15DC03889-02A1	\$ 17,817
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>17,817</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed-through the University of Georgia			
<i>Granting of Patent Licenses</i>			
Risk Model for Tims Branch/Steed Pond	81.003	RU267-503/4693198	40,687
TOTAL U.S. DEPARTMENT OF ENERGY			<u>40,687</u>
Total Research and Development Cluster			<u>514,855</u>
TRIO CLUSTER			
U.S. DEPARTMENT OF EDUCATION			
<i>TRIO - Student Support Services</i>			
<i>TRIO - Student Support Services</i>	84.042A	P042A100932	32,205
<i>TRIO - Student Support Services</i>	84.042A	P042A100932	212,738
Total TRIO Cluster			<u>244,943</u>
CHILD CARE AND DEVELOPMENT FUND (CCDF) CLUSTER			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through the Illinois Department of Human Services			
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</i>			
<i>Child Care and Development Block Grant</i>	93.596	81XQ504000	420,079
<i>ARRA - Child Care and Development Block Grant</i>	93.575	81XQ504000	586,736
<i>ARRA - Child Care and Development Block Grant</i>	93.713	81XQ504000	14,830
Total CCDF Cluster			<u>1,021,645</u>
AGING CLUSTER			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through from the East Central Illinois Area Agency on Aging			
<i>Special Programs for the Aging, Title III, Part C, Nutrition Services</i>			
Peace Meal Senior Nutrition Program FY11	93.045		220,450
Peace Meal Senior Nutrition Program FY12	93.045		706,428
			<u>926,878</u>
<i>Nutrition Services Incentive Program</i>			
Peace Meal Senior Nutrition Program FY11	93.053		133,996
Peace Meal Senior Nutrition Program FY12	93.053		163,042
			<u>297,038</u>
Total Aging Cluster			<u>1,223,916</u>
COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) - ENTITLEMENT GRANTS CLUSTER			
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
Passed-through from the City of Bloomington, Illinois			
<i>Community Development Block Grants/Entitlement Grants</i>	14.218		20,000
Total Community Development Block Grants - Entitlement Grants Cluster			<u>20,000</u>

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

SCHEDULE 1

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

<u>Federal Grantor/Pass Through Grantor/Program/Grant Title</u>	<u>CFDA Number</u>	<u>Federal Project or Pass-Through Number</u>	<u>FY12 Expenditures</u>
COMMUNITY SERVICE BLOCK GRANTS (CSBG) CLUSTER			
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed-through from the East Central Illinois Community Action Agency			
<i>Community Services Block Grants</i>	93.569		\$ 4,105
Total Community Service Block Grants Cluster			<u>4,105</u>
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES CLUSTER			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through the Illinois Department of Human Services			
<i>Temporary Assistance for Needy Families</i>	93.558		<u>560,035</u>
Total Temporary Assistance for Needy Families Cluster			<u>560,035</u>
OTHER PROGRAMS			
U.S. DEPARTMENT OF EDUCATION			
<i>Higher Education - Institutional Aid</i>			
Strengthening Institutions Program - Student Success Center	84.031A	P031A060147	<u>7,516</u>
Passed-Through the University of California			
<i>National Writing Project</i>			
Eastern Illinois Writing Project 2011	84.928A	08-IL05	3,689
Eastern Illinois Writing Project 2012	84.928A	08-IL05	<u>34,020</u>
			<u>37,709</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>45,225</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Nurse Education, Practice and Retention Grants</i>			
Nurse Education, Practice and Retention	93.359	1 D11HP09760-01-00	132,862
Passed-Through the Illinois Department of Public Health			
<i>Potential Relevance to Alzheimer's Disease</i>			
	93.917	23280003	1,998
Passed-Through the Illinois Department of Human Services			
<i>Social Services Block Grant</i>			
	93.667		4,929
<i>Block Grants for Preventions and Treatment of Substance Abuse</i>			
Illinois Higher Education Prevention	93.959	11GQ01378	<u>196,353</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>336,142</u>
U.S. DEPARTMENT OF JUSTICE			
Passed-Through the Illinois Department of Human Services			
<i>Enforcing Underage Drinking Laws Program</i>			
Illinois Higher Education Prevention	16.727	11GQ01377	132,000
Enforcing Underage Drinking Laws University Initiative	16.727	11GQ01376	<u>127,000</u>
			259,000
Bulletproof Vest Program	16.607		<u>2,261</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>261,261</u>

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

SCHEDULE 1

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

<u>Federal Grantor/Pass Through Grantor/Program/Grant Title</u>	<u>CFDA Number</u>	<u>Federal Project or Pass-Through Number</u>	<u>FY12 Expenditures</u>
OTHER PROGRAMS (CONTINUED)			
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-Through the Coles County Emergency Management Agency			
CCEMA TICP 2012 Exercise	97.001		\$ 7,962
Passed-Through the Illinois Emergency Management Agency			
Illinois Emergency Management Agency	97.067	09EXEEASTU	21,604
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>29,566</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES			
<i>Promotion of the Humanities Professional Development</i>			
Chaucer's Canterbury Tales SU12	45.163	FV-50286-11	94,101
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			<u>94,101</u>
LIBRARY OF CONGRESS			
<i>EIU Teaching with Primary Sources</i>	42.000	GA070019	160,868
TOTAL LIBRARY OF CONGRESS			<u>160,868</u>
Total Other Programs			927,163
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 99,654,942</u>

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

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Eastern Illinois University for the year ended June 30, 2012. All federal awards received directly from federal agencies as well as federal awards passed through other government and nonprofit agencies are included on the schedule.

Following is a legend of acronyms used in the Schedule of Expenditures of Federal Awards:

MRI	Major Research Instrumentation
RUI	Research in Undergraduate Institutions
ARRA	American Recovery and Reinvestment Act
CCEMA	Coles County Emergency Management Agency
TICP	Tactical Interoperable Communications Plan

2. BASIS OF ACCOUNTING

With the exception of Peace Meal grants presented on page 60, the accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The Peace Meal grants are presented using the cash basis of accounting since this method is allowed under the grant agreement.

3. STUDENT LOAN PROGRAMS ADMINISTERED BY THE UNIVERSITY

The University administered the following federal loan program during the year ended June 30, 2012:

Perkins Loan Program CFDA #84.038

Outstanding balance, July 1, 2011	<u>\$ 6,683,939</u>
Additions:	
Interest income	101,659
Other income	21,277
Total	<u>122,936</u>
Deductions:	
Loans canceled or written-off	90,165
Administrative expenses	11,525
Total	<u>101,690</u>
Outstanding balance, June 30, 2012	<u><u>\$6,705,185</u></u>

(The above deductions include disbursements and expenditures such as bad debts and administrative expenditures.)

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

4. MAJOR PROGRAMS

The following federal program expenditures comprise major program expenditures under OMB Circular A-133 for the year ended June 30, 2012:

Major program expenditures:	
Student Financial Aid Cluster	\$95,138,280
Non-major program expenditures	<u>4,516,662</u>
Total federal expenditures	<u><u>\$99,654,942</u></u>

As part of the Student Financial Aid Program, the Eastern Illinois University administers loan proceeds under the Perkins Loan Program (as described in Note 3) and the William D. Ford Federal Direct Loan Program.

5. NONCASH TRANSACTION INFORMATION

Certain noncash expenditures are included in the total expenditures on the Schedule of Expenditures of Federal Awards. The childcare program of the University is a processor of childcare claims for the Illinois Department of Human Services (DHS). The University determines eligibility and reimbursable hours for the participants. This information is sent to DHS who then pays the claims. The noncash amounts are recorded in the following programs: Child Care Mandatory and Matching Funds of the Child Care and Development Fund - \$226,514 (Federal CFDA #93.596), Child Care Development Block Grant - \$113,414 (Federal CFDA #93.575), Temporary Assistance For Needy Families - \$560,035 (Federal CFDA #93.558) and Social Services Block Grant - \$4,929 (Federal CFDA #93.667). These noncash transactions have not been recorded on the Eastern Illinois University's financial statements.

6. SUBRECIPIENTS

The University provided sub-awards of \$87,556 through the Enforcing Underage Drinking Laws (CFDA #16.727) to the following sub recipients: Benedictine University, \$11,872; Bradley University, \$7,700; Elmhurst College, \$1,155; Illinois State University, \$8,968; Illinois Wesleyan University, \$12,375; Judson University, \$9,546; Southern Illinois University, \$12,500; Western Illinois University, \$11,466; and the Charleston Police Department, \$11,974.

The University also provided sub-awards of \$17,017 through the National Endowment for the Humanities' Chaucer's Canterbury Tales grant (CFDA #45.163) to Kent State University.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

7. RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The following is a reconciliation of total expenditures as reported on the accompanying Schedule of Expenditures of Federal Awards to the revenue items reported as federal and state grants and contracts on the Statement of Revenues, Expenses and Changes in Net Assets included in the Eastern Illinois University's financial statements.

Funds, derived from federal aid, gifts or grants, may be used only to meet expenditures for the purposes specifically identified by sponsoring agencies. The federal aid, gifts or grants are recognized as revenue in the Eastern Illinois University's financial statements as expended.

Therefore, expenditures on the Schedule of Expenditures of Federal Awards agree with revenues on the Statement of Revenues, Expenses and Changes in Net Assets, except as noted below:

Total expenditures as shown on the Schedule of Expenditures of Federal Awards	\$99,654,942
Add:	
Direct state grants/contracts	1,279,009
Subtract:	
Federal Perkins loan program – federal capital contributions included on the Schedule of Expenditures of Federal Awards not included in the financial statements (less administrative costs)	(6,705,185)
Direct loans included in the Schedule of Expenditures of Federal Awards not included in the financial statements	(71,800,332)
Noncash expenditures included in the Schedule of Expenditures of Federal Awards not included in the financial statements	<u>(904,892)</u>
Total federal and state grants and contracts revenues shown on the Statement of Revenues, Expenses and Changes in Net Assets	<u>\$21,523,542</u>

**STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 APPROPRIATIONS FOR FISCAL YEAR 2012
 Fourteen Months Ended August 31, 2012**

	<u>Appropriations (Net after Transfers)</u>	<u>Expenditures Through June 30, 2012</u>	<u>Lapse Period Expenditures 7/1 - 8/31/12</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>	<u>Balances Reappropriated July 1, 2012</u>
<u>Public Acts 97-0069 and 97-0076</u>						
EDUCATION ASSISTANCE FUND - 007						
Ordinary and contingent expenses	\$ 46,869,200	\$ 46,869,200	\$ -	\$ 46,869,200	\$ -	\$ -
Total Education Assistance Fund - 007	<u>46,869,200</u>	<u>46,869,200</u>	<u>-</u>	<u>46,869,200</u>	<u>-</u>	<u>-</u>
CAPITAL DEVELOPMENT FUND - 141						
Purchase equipment and complete renovation of Doudna Fine Arts Center *	957,231	(594,682)	-	(594,682)	-	1,551,913
Total Capital Development Fund - 141	<u>957,231</u>	<u>(594,682)</u>	<u>-</u>	<u>(594,682)</u>	<u>-</u>	<u>1,551,913</u>
STATE COLLEGE & UNIVERSITY TRUST FUND - 417						
Scholarship Grant Awards	12,000	12,000	-	12,000	-	-
Totals - All appropriated funds	<u>\$ 47,838,431</u>	<u>\$ 46,286,518</u>	<u>\$ -</u>	<u>\$ 46,286,518</u>	<u>\$ -</u>	<u>\$ 1,551,913</u>

Notes:

- 1) The data for this report was taken from the University's records and has been reconciled to the data of the Office of the State Comptroller.
- 2) Expenditure amounts are vouchers approved and paid by the University and submitted to the Office of the State Comptroller for reimbursement of payments made to vendors.

* An expenditure adjustment of \$594,682 was processed as a "due to the primary government" at June 30, 2011.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND LAPSED BALANCES**

	Fiscal Year	
	2012 P.A. 97-0069 and P.A. 97-0076	2011 P.A. 96-0956
GENERAL REVENUE FUND - 001		
Appropriations (net of transfers)	\$ -	\$ 47,413,000
General Revenue Fund expenditures		
Ordinary and contingent expenses	-	47,413,000
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
EDUCATION ASSISTANCE FUND - 007		
Appropriations (net of transfers)	\$ 46,869,200	\$ -
Education Assistance Fund expenditures		
General operations	<u>46,869,200</u>	<u>-</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
CAPITAL DEVELOPMENT FUND - 141		
Appropriations (net of transfers)	\$ 957,231	\$ 1,929,317
Capital Development Fund expenditures		
Fine Arts renovation *	<u>(594,682)</u>	<u>972,086</u>
Balances reappropriated	<u>\$ 1,551,913</u>	<u>\$ 957,231</u>
STATE COLLEGE & UNIVERSITY TRUST - 417		
Appropriations (net of transfers)	\$ 12,000	\$ 4,250
State College & University Trust expenditures		
Scholarships	<u>12,000</u>	<u>4,250</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
Grand total, all funds		
Appropriations (net of transfers)	\$ 47,838,431	\$ 49,346,567
Expenditures	<u>46,286,518</u>	<u>48,389,336</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
Balances reappropriated	<u>\$ 1,551,913</u>	<u>\$ 957,231</u>

Notes:

- 1) The data for this report was taken from the University's records and has been reconciled to the data of the Office of the State Comptroller.
- 2) Expenditure amounts are vouchers approved and paid by the University and submitted to the Office of the State Comptroller for reimbursement of payments made to vendors.

* An expenditure adjustment of \$594,682 was processed as a "due to the primary government" at June 30, 2011.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SIGNIFICANT LAPSE PERIOD EXPENDITURES
For the Year Ended June 30, 2012**

There were no expenditures incurred during the lapse period.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
UNIVERSITY INCOME FUND
For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
INCOME FUND		
Revenues		
Tuition	\$ 74,743,935	\$ 73,049,045
Services fees	306,915	337,080
Fines and penalties	66,450	72,757
Interest income	7,760	7,227
Other	1,652,397	206,601
	<u>76,777,457</u>	<u>73,672,710</u>
Expenses		
Personal services	37,358,604	36,534,202
FICA - Medicare	1,572,151	2,584,928
Group insurance	1,277,043	1,249,151
Compensated absences	(777,925)	305,959
Contractual services	10,462,638	8,231,137
Travel	963,172	779,253
Commodities	1,543,911	1,538,519
Awards, grants, and matching funds	1,973,062	1,546,599
Permanent improvements	2,464,518	633,131
Equipment and library books	2,217,536	2,072,856
Telecommunications	308,942	333,532
Operation of automotive equipment	227,718	201,663
Student awards/tuition waived	8,560,198	9,123,115
	<u>68,151,568</u>	<u>65,134,045</u>
Excess of revenues over expenses	<u>\$ 8,625,889</u>	<u>\$ 8,538,665</u>

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

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF CHANGES IN CAPITAL ASSETS
For the Year Ended June 30, 2012**

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

	6/30/2011	Additions	Deletions	Transfers	6/30/2012
Capital assets not being depreciated					
Land and land improvements	\$ 2,968,015	\$ -	\$ -	\$ -	\$ 2,968,015
Capitalized collections	198,646	-	-	-	198,646
Construction in progress	81,768,176	10,135,227	156,565	(8,127,611)	83,619,227
Total capital assets not being depreciated	84,934,837	10,135,227	156,565	(8,127,611)	86,785,888
Capital assets being depreciated					
Site improvements	17,443,573	-	-	587,537	18,031,110
Building and building improvements	310,615,512	-	-	7,540,074	318,155,586
Equipment	66,407,301	6,110,357	3,353,012	50,585	69,215,231
Capital leases - equipment	50,585	-	-	(50,585)	-
Total capital assets being depreciated	394,516,971	6,110,357	3,353,012	8,127,611	405,401,927
Less accumulated depreciation					
Site improvements	11,856,971	831,401	-	-	12,688,372
Buildings and building improvements	119,842,385	7,955,767	-	-	127,798,152
Equipment	54,940,562	5,377,189	3,164,719	30,109	57,183,141
Capital leases - equipment	30,109	-	-	(30,109)	-
Total accumulated depreciation	186,670,027	14,164,357	3,164,719	-	197,669,665
Total capital assets, being depreciated, net	207,846,944	(8,054,000)	188,293	8,127,611	207,732,262
Intangible assets being amortized					
Software	380,146	-	-	-	380,146
Less accumulated amortization	352,993	27,153	-	-	380,146
Total intangible assets, being amortized, net	27,153	(27,153)	-	-	-
Capital assets, net	\$ 292,808,934	\$ 2,054,074	\$ 344,858	\$ -	\$ 294,518,150

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMPARATIVE SCHEDULE OF CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are as follows as of June 30:

	<u>2012</u>	<u>2011</u>
CASH AND CASH EQUIVALENTS		
Petty Cash Funds	\$ 33,400	\$ 35,940
The Illinois Funds	55,948,454	43,914,160
Checking accounts		
First Mid-Illinois Bank & Trust, Charleston, Illinois	<u>63,455</u>	<u>16,233</u>
Total cash and cash equivalents	<u>\$ 56,045,309</u>	<u>\$ 43,966,333</u>

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
COMPARATIVE SCHEDULE OF INVESTMENTS**

Investments are as follows as of June 30:

INVESTMENTS	<u>2012</u>	<u>2011</u>
Certificate of deposit	\$ 245,000	\$ 245,000
Mutual funds	<u>555,990</u>	<u>567,368</u>
Total investments	<u><u>\$ 800,990</u></u>	<u><u>\$ 812,368</u></u>

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUE AND EXPENSE ACCOUNTS
For the Years Ended June 30, 2012 and 2011**

	2012	2011	Increase (Decrease)	Percentage Change
Operating Revenues:				
Student tuition and fees	\$ 83,965,369	\$ 76,341,978	\$ 7,623,391	10%
Federal grants and contracts	2,344,042	2,035,912	308,130	15%
State grants and contracts	2,367,609	2,475,164	(107,555)	-4%
Local grants and contracts	436,995	420,163	16,832	4%
Private grants and contracts	1,622,943	2,014,022	(391,079)	-19%
Sales and services of educational departments	4,080,440	4,157,156	(76,716)	-2%
Auxiliary enterprises	46,050,511	44,953,396	1,097,115	2%
Other operating revenues	2,492,923	2,947,282	(454,359)	-15%
Operating Expenses:				
Educational and general				
Instruction	99,289,773	94,171,743	5,118,030	5%
Research	1,194,562	1,147,875	46,687	4%
Public service	7,515,241	7,896,281	(381,040)	-5%
Academic support	16,211,305	15,736,629	474,676	3%
Student services	22,624,750	20,871,872	1,752,878	8%
Institutional support	16,451,242	20,078,350	(3,627,108)	-18%
Operations of maintenance of plant	16,340,503	14,633,999	1,706,504	12%
Student aid	17,659,541	10,905,280	6,754,261	62% (A)
Auxiliary enterprises	34,867,831	33,661,480	1,206,351	4%
Depreciation expense	14,191,510	14,604,059	(412,549)	-3%
Nonoperating Revenues (Expenses):				
State appropriations	46,881,200	47,417,250	(536,050)	-1%
Payments on behalf of the University	54,969,098	48,399,928	6,569,170	14%
Gifts	2,722,213	1,729,803	992,410	57% (B)
Investment income (net)	81,393	108,015	(26,622)	-25%
Net decrease in fair value of investments	(28,756)	86,145	(114,901)	-133%
Interest on capital asset-related debt	(5,166,926)	(4,731,328)	(435,598)	9%
Nonoperating grants and contracts	16,780,948	16,985,494	(204,546)	-1%
Amortization of bond costs, premiums, and discounts	(185,237)	(147,037)	(38,200)	26%
Payments to the Foundation	(21,396)	(8,340)	(13,056)	157%
Loss on disposal of capital assets	(335,957)	(58,895)	(277,062)	470% (C)
Other nonoperating revenues (expenses)	1,763,593	1,761,392	2,201	0%
Other Changes in Net Assets:				
Capital appropriations	-	377,404	(377,404)	-100% (D)
Capital grants and gifts	30,943	1,255,221	(1,224,278)	-98% (E)
Transfers from Capital Development Board	526,692	240,471	286,221	119% (F)

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUE AND EXPENSE
ACCOUNTS
For the year ended June 30, 2012**

All variances greater than \$200,000 and more than 20% from fiscal year 2011 are discussed below. Refer to the Analysis of Significant Variations in Revenue and Expense Accounts on page 73 for the actual dollar changes.

Explanations of significant variances:

- (A) Student aid – The increase in student aid expenses was primarily due to increase in Pell grants and other federal financial aid grants.
- (B) Gifts – The University was completing its first capital campaign.
- (C) Loss on disposal of capital assets – The increase relates to assets disposed of during the year. During Fiscal Year 2012, an academic department experienced vandalism of its equipment, which was written off.
- (D) Capital appropriations – The University did not have expenditures that met the requirements of its capital appropriation during Fiscal Year 2012.
- (E) Capital grants and gifts – The new Renewable Energy Center’s construction was partially funded by capital grants, which were expended in Fiscal Year 2011.
- (F) Transfers from Capital Development Board – This reflects higher spending on University construction projects by the Capital Development Board.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSET AND LIABILITY ACCOUNTS
JUNE 30, 2012 AND 2011**

	2012	2011	Increase (Decrease)	Percentage Change
Assets:				
Current assets:				
Cash and cash equivalents	\$ 51,530,875	\$ 41,601,939	\$ 9,928,936	24% (A)
Restricted cash and cash equivalents	4,514,434	2,364,394	2,150,040	91% (B)
Short-term investments	245,000	245,000	-	0%
Restricted short-term investments	33,775	16,397	17,378	106%
Accounts receivable, net of allowance	13,403,351	13,181,079	222,272	2%
State appropriation receivable	11,785,035	20,815,237	(9,030,202)	-43% (C)
Interest receivable	416	991	(575)	-58%
Inventories	2,050,015	2,057,629	(7,614)	0%
Notes receivable, current portion, net	964,331	956,821	7,510	1%
Other assets	817,472	900,632	(83,160)	-9%
Noncurrent assets:				
Notes receivable, less current portion	5,483,029	5,413,588	69,441	1%
Endowment investments	522,215	550,971	(28,756)	-5%
Other long-term assets	2,371,812	2,565,387	(193,575)	-8%
Capital assets, net of accumulated depreciation	294,518,150	292,808,934	1,709,216	1%
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	14,651,720	16,649,738	(1,998,018)	-12%
Deferred revenues	4,048,710	3,940,806	107,904	3%
Long-term liabilities, current portion	9,057,780	9,610,987	(553,207)	-6%
Noncurrent liabilities:				
Long term liabilities, less current portion	126,706,496	134,552,909	(7,846,413)	-6%
Federal loan program contributions refundable	5,729,087	5,710,824	18,263	0%

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSET AND LIABILITY
ACCOUNTS
For the Year Ended June 30, 2012**

All variances greater than \$200,000 and more than 20% from fiscal year 2011 are discussed below. Refer to the Analysis of Significant Variations in Asset and Liability Accounts on page 75 for the actual dollar changes.

Explanations of significant variances:

- (A) Cash and cash equivalents – Cash increased primarily due to the timing of the State’s reimbursement to the University of appropriated expenditures covered by locally held funds, as well as higher tuition, fee, and room and board rates.
- (B) Restricted cash and cash equivalents – Restricted cash increased primarily due to an auxiliary enterprise transferring excess cash to debt service funds, as well as higher endowment cash.
- (C) State appropriation receivable – The decrease was due to the improved timing of the State’s payment of vouchers requesting payroll reimbursements from the prior year.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Year Ended June 30, 2012**

Accounts receivable are as follows at June 30:

Aging Analysis	<u>2012</u>	<u>2011</u>
Current	\$4,556,767	\$3,780,128
1-180 days past due	1,840,124	1,954,283
181 days past due	1,541,176	1,559,160
Over 1 year past due	<u>9,943,141</u>	<u>8,926,917</u>
	17,881,208	16,220,488
Grants receivable not aged	727,150	1,090,253
Scholarship receivables not aged	<u>1,548,512</u>	<u>1,740,613</u>
Total accounts receivable	20,156,870	19,051,354
Less: allowance for doubtful accounts	<u>(6,753,519)</u>	<u>(5,870,275)</u>
	<u>\$13,403,351</u>	<u>\$13,181,079</u>

The majority of the receivables relate to amounts due from student accounts for tuition and fees and room and board. Smaller receivable amounts are for summer camp activities, publication advertising and NCAA donations.

Scholarship receivables and grant receivables are not aged due to their nature. These are usually received from other governmental agencies within the semester in which the billings or expenses are incurred.

Collection Policies for Accounts Receivable

The University pursues a collection process for student receivables as soon as students begin their career at the University. Monthly statements are sent to the students as long as balances exist on their accounts. Unpaid balances are assessed a 1% per month finance charge. Records of students who do not pay their balances in full by a specified date are placed on hold so that they are prevented from receiving University services or registering for classes for the next semester.

Once students leave the University, monthly statements continue to be sent. After 90 days, if the balance of the account is more than \$1,000, the account is placed in the State Offset System. Large accounts (over \$200) with no payment activity are eventually placed with a collection agency for six months. Accounts between \$200 and \$1,000 are also placed into the State Offset System at the time they are referred to the collection agency.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES**

A listing of the University's Auxiliary Facilities Activities, Accounting Entities, their purposes, and their sources of revenue for the year ended June 30, 2012 are provided below.

Auxiliary Enterprises - Revenue Bond

Student Living: Accounts for the Eastern Illinois University's student residence halls, related dining facilities, and student apartment operations whose construction was financed through the issuance of revenue bonds. The primary sources of revenues are room and board and rental income.

Student Facilities: Accounts for the operations of the Eastern Illinois University's student union, and the financing of the Eastern Illinois University's athletic facilities, whose construction was respectively, wholly and partially, funded through the issuance of revenue bonds. The primary sources of revenue in the union area are merchandise sales, student fees, investment income, and income from recreational and other services. In the athletic facility area, the primary source of revenue is from student fees.

Textbook Rental Service: Accounts for the operations of the Eastern Illinois University's Textbook Rental Service, whose facilities were funded through the issuance of revenue bonds. The primary sources of revenue are student fees and sales of textbooks.

Auxiliary Enterprises - Other

Student/Staff Programs: Accounts for the Eastern Illinois University's parking operation and the University's lounge facilities. The primary sources of revenue are from the sale of parking permits and revenue from vending operations. Interest earned on invested funds is another source of income.

Regional Services: Accounts for the operation of the services not related to instruction made available to local governments and other outside parties. The primary source of revenue is the service income from these operations.

Designated Funds - Auxiliary Activities

Student Fee Programs: Accounts for student oriented programs and services, which are in whole or in part funded by student fees. The primary sources of revenue are student fees and sales of services and merchandise.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES**

Material Fees: Accounts for the purchase of materials used in laboratory, art, physical education, home economics, and industrial arts classrooms. The primary sources of revenue are user fees and material sales.

Service Departments: Accounts for the operations of certain cost centers, which provide selected services to the University as a whole. Examples are postage, certain computer services, and an automobile fleet. The primary source of revenue is the fees charged for these services to other University departments.

Student/Staff Programs: Accounts for the operations of the Eastern Illinois University's testing services, document reproduction and binding services, and various student/staff recreational services. The primary source of revenue is service income for the operations mentioned above.

Educational Services: Accounts for the operations of educational, scientific, and artistic services related to instruction made available to local governments and other outside parties. The primary source of revenue is the service income from these operations.

Unique Charges Credit Courses: Accounts for the fees charged and expenses of administering various credit courses offered by the University. These credit courses include:

Canada Study Abroad	Italy Study Abroad #1
Mexico Study Abroad	Italy Study Abroad #2
New Zealand/Australia Study Abroad	Bahamas #1
Outdoor Education	Germany Study Abroad
Germany Study Abroad	China Study Abroad
South Africa Study Abroad	Honors Study Abroad
Harlexton Study Abroad	Greece/Turkey/Egypt Study Abroad
Netherlands Study Abroad #1	Geology Field Studies Even
Netherlands Study Abroad #2	

Public Service Activities: Accounts for the fees charged and expenses of administering various non-credit camps and clinics held by the University and other public service activities.

Indirect Costs: Accounts for indirect cost reimbursements received for University grants and contracts.

Continuing Education Contract Credit: Accounts for the receipt of tuition and expenses of administering various credit courses requested by funding entities.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
STATEMENT OF CURRENT FUNDS (UNRESTRICTED)
BALANCE SHEET BY ENTITY
June 30, 2012**

	<u>Student Living</u>	<u>Student Facilities</u>	<u>Textbook Rental</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 4,223,043	\$ (884,443)	\$ 644,814	\$ 3,983,414
Investments	17,719	8,581	-	26,300
Accounts receivable	3,601,345	131,317	620,513	4,353,175
Inventories	171,067	1,180,115	-	1,351,182
Prepaid expenses	34,303	3,455	-	37,758
Other non-current assets	290,019	82,134	-	372,153
	<u>\$ 8,337,496</u>	<u>\$ 521,159</u>	<u>\$ 1,265,327</u>	<u>\$ 10,123,982</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 1,129,936	\$ 1,609,448	\$ 78,881	\$ 2,818,265
Accrued payroll	312,342	57,975	7,063	377,380
Security deposits	630,092	-	-	630,092
Accrued compensated absences	437,996	206,814	20,733	665,543
Deferred income, room and board	104,421	-	-	104,421
Deferred income, other	49,085	110,377	69,412	228,874
	<u>2,663,872</u>	<u>1,984,614</u>	<u>176,089</u>	<u>4,824,575</u>
Total liabilities	<u>2,663,872</u>	<u>1,984,614</u>	<u>176,089</u>	<u>4,824,575</u>
Fund balances	<u>5,673,624</u>	<u>(1,463,455)</u>	<u>1,089,238</u>	<u>5,299,407</u>
Total liabilities and fund balances	<u>\$ 8,337,496</u>	<u>\$ 521,159</u>	<u>\$ 1,265,327</u>	<u>\$ 10,123,982</u>

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
STATEMENT OF CURRENT FUNDS (UNRESTRICTED)
REVENUES AND EXPENDITURES BY ENTITY
For the Year Ended June 30, 2012**

	Student Living	Student Facilities	Textbook Rental	Total
Revenues				
Room and board	\$ 32,043,102	\$ -	\$ -	\$ 32,043,102
Duplicating	580	367,011	-	367,591
Bowling and recreation	-	64,259	-	64,259
Merchandise sales	80,164	2,618,861	368,114	3,067,139
Other	248,029	140,651	180,100	568,780
Student fees	623,816	2,566,116	-	3,189,932
Operating fee	-	2,161,784	2,929,148	5,090,932
Desk sales revenue	1,286,763	91,673	-	1,378,436
Games revenue	1,216	-	-	1,216
Subsidy reduction fee	-	59,837	15,090	74,927
Canned drink sales	-	57,015	-	57,015
Vending	256,759	35,606	-	292,365
Service and rental fees	50,406	84,913	341	135,660
Total revenues	34,590,835	8,247,726	3,492,793	46,331,354
Expenditures				
Merchandise	3,798	1,948,651	-	1,952,449
Food	4,570,805	61,520	-	4,632,325
Salaries				
Faculty	1,518,474	162,972	-	1,681,446
Civil service	8,711,945	2,000,732	319,876	11,032,553
Student	2,005,772	239,344	114,626	2,359,742
Resident assistants	1,037,236	-	-	1,037,236
Compensated absences	(595,202)	(12,498)	(9,496)	(617,196)
Commodities				
Office and administrative supplies	87,341	104,554	15,611	207,506
Household - cleaning supplies	353,446	14	-	353,460
Other commodities	558,393	184,137	15,531	758,061
Operation of automotive equipment	22,130	2,253	-	24,383
Travel	13,115	158	-	13,273
Contractual services				
Repairs	592,972	150,013	16,501	759,486
Rentals	294,805	2,456	-	297,261
Services	428,765	160,448	344,849	934,062
Insurance	131,203	36,609	-	167,812
Operating taxes and fees	210,825	106,648	16,488	333,961
Utilities	4,965,844	1,211,613	19,176	6,196,633
Office and administrative	19,305	388	-	19,693
Other contractual services	1,827,783	409,899	31,972	2,269,654
Equipment	105,968	12,651	-	118,619
Telecommunications charges	242,831	12,631	4,442	259,904
Waivers & scholarships	24,952	81,014	34,645	140,611
Building improvement	12,960	119,060	-	132,020
Total expenditures	27,145,466	6,995,267	924,221	35,064,954
Excess of revenues over expenditures	\$ 7,445,369	\$ 1,252,459	\$ 2,568,572	\$ 11,266,400

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
STATEMENT OF CURRENT FUNDS (UNRESTRICTED)
STATEMENT OF CHANGES IN FUND BALANCES BY ENTITY
For the Year Ended June 30, 2012**

	Student Living	Student Facilities	Textbook Rental	Total
Fund balances at July 1, 2011	\$ 2,807,570	\$ (812,410)	\$ 1,125,042	\$ 3,120,202
Revenues and other additions				
Operating revenues	34,590,835	8,247,726	3,492,793	46,331,354
Expenditures and other deductions				
Operating expenditures	27,621,740	6,876,054	933,717	35,431,511
Change in compensated absences	(595,202)	(12,498)	(9,496)	(617,196)
Equipment	105,968	12,651	-	118,619
Building improvements	12,960	119,060	-	132,020
Total expenditures and other deductions	27,145,466	6,995,267	924,221	35,064,954
Transfers among funds				
Deductions				
Mandatory transfers				
Debt retirement	(2,970,011)	(1,903,504)	(1,457,921)	(6,331,436)
Non-mandatory transfers				
Repair and replacement reserve	(1,109,304)	-	-	(1,109,304)
Project Director reserve	(500,000)	-	-	(500,000)
Textbook reserve	-	-	(1,146,455)	(1,146,455)
Total transfers	(4,579,315)	(1,903,504)	(2,604,376)	(9,087,195)
Net increase (decrease) for the year	2,866,054	(651,045)	(35,804)	2,179,205
Fund balances at June 30, 2012	\$ 5,673,624	\$ (1,463,455)	\$ 1,089,238	\$ 5,299,407

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
STATEMENT OF PLANT FUNDS
BALANCE SHEET BY ENTITY
June 30, 2012**

	Student Living	Student Facilities	Textbook Rental	Total
ASSETS				
RENEWAL AND REPLACEMENT				
Cash and temporary cash investments	\$ 2,851,163	\$ 2,330,551	\$ 13,484	\$ 5,195,198
Investments	11,993	9,804	-	21,797
Total renewal and replacement	2,863,156	2,340,355	13,484	5,216,995
RETIREMENT OF INDEBTEDNESS				
Bond and interest sinking fund				
Cash and temporary investments	(1,375,795)	(841,705)	1,647,029	(570,471)
Accounts receivable	1,544,435	952,350	78,037	2,574,822
Bond issuance costs				
Other assets	54,577	36,036	78,855	169,468
Total retirement of indebtedness	223,217	146,681	1,803,921	2,173,819
INVESTMENT IN PLANT				
Accounts receivable	-	61,200	-	61,200
Bond discount	281,992	192,610	12,892	487,494
Land	118,981	-	-	118,981
Building and site improvements	84,307,794	39,775,964	3,740,771	127,824,529
Equipment	1,138,147	1,345,296	8,878,116	11,361,559
Accumulated depreciation	(48,628,907)	(21,469,876)	(7,063,598)	(77,162,381)
Construction in progress	8,751,472	50,191	-	8,801,663
Total investment in plant	45,969,479	19,955,385	5,568,181	71,493,045
PROJECT CONSTRUCTION				
Cash and temporary investments	-	-	-	-
Investments	-	-	-	-
Total development reserve	-	-	-	-
Total assets	\$ 49,055,852	\$ 22,442,421	\$ 7,385,586	\$ 78,883,859

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
STATEMENT OF PLANT FUNDS
BALANCE SHEET BY ENTITY
June 30, 2012**

	<u>Student Living</u>	<u>Student Facilities</u>	<u>Textbook Rental</u>	<u>Total</u>
LIABILITIES AND FUND BALANCES				
RENEWAL AND REPLACEMENT				
Accounts payable	\$ 175,200	\$ 6,024	\$ 13,484	\$ 194,708
Renewal and replacement reserve	<u>2,687,956</u>	<u>2,334,331</u>	<u>-</u>	<u>5,022,287</u>
Total renewal and replacement	<u>2,863,156</u>	<u>2,340,355</u>	<u>13,484</u>	<u>5,216,995</u>
RETIREMENT OF INDEBTEDNESS				
Accounts payable	168,640	110,645	51,787	331,072
Bond and interest sinking fund reserve	-	-	1,673,279	1,673,279
Debt service reserve	-	-	-	-
Bond issuance costs	<u>54,577</u>	<u>36,036</u>	<u>78,855</u>	<u>169,468</u>
Total retirement of indebtedness	<u>223,217</u>	<u>146,681</u>	<u>1,803,921</u>	<u>2,173,819</u>
INVESTMENT IN PLANT				
Revenue bonds outstanding	14,493,022	9,571,979	3,940,000	28,005,001
Lease obligations	70,534	254,330	-	324,864
Bond premium	175,037	111,112	-	286,149
Net investment in plant	<u>31,230,886</u>	<u>10,017,964</u>	<u>1,628,181</u>	<u>42,877,031</u>
Total investment in plant	<u>45,969,479</u>	<u>19,955,385</u>	<u>5,568,181</u>	<u>71,493,045</u>
PROJECT CONSTRUCTION				
Accounts payable	-	-	-	-
Construction reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total project construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities and fund balances	 <u>\$ 49,055,852</u>	 <u>\$ 22,442,421</u>	 <u>\$ 7,385,586</u>	 <u>\$ 78,883,859</u>

**STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
 STATEMENT OF PLANT FUNDS
 STATEMENT OF CHANGES IN FUND BALANCES BY ENTITY
 For the Year Ended June 30, 2012**

	Student Living	Student Facilities	Textbook Rental	Total
RENEWAL AND REPLACEMENT				
Fund balances at July 1, 2011	\$ 4,814,562	\$ 2,677,358	\$ 960,389	\$ 8,452,309
Non-mandatory transfers - current	1,009,304	100,000	1,146,455	2,255,759
Non-mandatory transfers - Project Directors' accounts	500,000	-	-	500,000
Repair expenditures	(3,635,910)	(443,027)	-	(4,078,937)
Textbook expenditures	-	-	(2,106,844)	(2,106,844)
	<u>\$ 2,687,956</u>	<u>\$ 2,334,331</u>	<u>\$ -</u>	<u>\$ 5,022,287</u>
Fund balances at June 30, 2012	<u>\$ 2,687,956</u>	<u>\$ 2,334,331</u>	<u>\$ -</u>	<u>\$ 5,022,287</u>
RETIREMENT OF INDEBTEDNESS				
BOND AND INTEREST SINKING FUND				
Fund balances at July 1, 2011	\$ -	\$ -	\$ -	\$ -
Mandatory transfer from current fund	2,970,011	1,903,504	1,457,921	6,331,436
Non-mandatory transfer from project construction fund	-	-	523,279	523,279
Other Income	1,234	888	-	2,122
Debt retirement principal	(2,249,660)	(1,430,340)	(100,000)	(3,780,000)
Debt retirement interest	(721,585)	(474,052)	(207,921)	(1,403,558)
	<u>-</u>	<u>-</u>	<u>1,673,279</u>	<u>1,673,279</u>
Fund balances at June 30, 2012	<u>-</u>	<u>-</u>	<u>1,673,279</u>	<u>1,673,279</u>
BOND ISSUANCE COSTS				
Fund balances at July 1, 2011	\$ 79,315	\$ 51,763	\$ 87,531	\$ 218,609
Bond closing costs amortization	(24,738)	(15,727)	(8,676)	(49,141)
	<u>54,577</u>	<u>36,036</u>	<u>78,855</u>	<u>169,468</u>
Fund balances at June 30, 2012	<u>54,577</u>	<u>36,036</u>	<u>78,855</u>	<u>169,468</u>
Total retirement of indebtedness - June 30, 2012	<u>\$ 54,577</u>	<u>\$ 36,036</u>	<u>\$ 1,752,134</u>	<u>\$ 1,842,747</u>

**STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
 STATEMENT OF PLANT FUNDS
 STATEMENT OF CHANGES IN FUND BALANCES BY ENTITY
 For the Year Ended June 30, 2012**

	Student Living	Student Facilities	Textbook Rental	Total
INVESTMENT IN PLANT				
Fund balances at July 1, 2011	\$ 27,933,424	\$ 9,710,060	\$ 1,651,961	\$ 39,295,445
Equipment purchased (net of deletions)	41,157	53,602	2,106,844	2,201,603
Buildings/sites (net of deletions)	2,802,362	239,190	-	3,041,552
Other	-	78	-	78
Loss on disposal	(101,717)	(1,450)	-	(103,167)
Depreciation	(2,685,989)	(1,385,430)	(2,229,206)	(6,300,625)
Debt retirement - principal payment	3,218,661	1,392,805	100,000	4,711,466
Bond discount expense	(71,921)	(49,417)	(1,418)	(122,756)
Bond premium amortization	94,909	58,526	-	153,435
	\$ 31,230,886	\$ 10,017,964	\$ 1,628,181	\$ 42,877,031
PROJECT CONSTRUCTION				
Fund balances at July 1, 2011	\$ -	\$ -	\$ 523,279	\$ 523,279
Transfer to Bond & Interest Sinking Fund	-	-	(523,279)	(523,279)
	\$ -	\$ -	\$ -	\$ -

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISES - OTHER
STATEMENT OF CURRENT FUNDS (UNRESTRICTED)
BALANCE SHEET BY ENTITY
June 30, 2012**

	Student/Staff Programs	Regional Services	Total
ASSETS			
CURRENT FUNDS			
Cash and temporary cash investments	\$ 132,016	\$ -	\$ 132,016
Accounts receivable	162,761	-	162,761
Investments	554	-	554
Total current funds	295,331	-	295,331
PLANT FUNDS			
Cash and temporary cash investments	564,736	-	564,736
Investments	2,376	-	2,376
Building and site improvements	3,746,179	-	3,746,179
Land	1,248,811	-	1,248,811
Equipment	72,126	8,455	80,581
Accumulated depreciation	(2,763,485)	(8,455)	(2,771,940)
Construction in progress	1,063,822	-	1,063,822
Total plant funds	3,934,565	-	3,934,565
Total assets	\$ 4,229,896	\$ -	\$ 4,229,896
LIABILITIES AND FUND BALANCES			
CURRENT FUNDS			
Accounts payable	\$ 3,632	\$ -	\$ 3,632
Accrued payroll	10,873	-	10,873
Fund balances	280,826	-	280,826
Total current funds	295,331	-	295,331
PLANT FUNDS			
Accounts payable	-	-	-
Non-indentured reserves	567,111	-	567,111
Net investment in plant	3,367,454	-	3,367,454
Total plant funds	3,934,565	-	3,934,565
Total liabilities and fund balances	\$ 4,229,896	\$ -	\$ 4,229,896

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISES - OTHER
STATEMENT OF CURRENT FUNDS (UNRESTRICTED)
REVENUES AND EXPENDITURES BY ENTITY
For the Year Ended June 30, 2012**

	<u>Student/Staff Programs</u>	<u>Regional Services</u>	<u>Total</u>
REVENUES			
Sales, services - enterprises	\$ 658,821	\$ -	\$ 658,821
Fines and penalties	261,481	-	261,481
Other income	53,908	-	53,908
Total revenues	<u>974,210</u>	<u>-</u>	<u>974,210</u>
EXPENDITURES			
Salaries	343,223	-	343,223
Other expenses	61,407	-	61,407
Contractual services	108,591	-	108,591
Commodities	14,379	-	14,379
Total expenditures	<u>527,600</u>	<u>-</u>	<u>527,600</u>
Revenues over expenditures	<u>\$ 446,610</u>	<u>\$ -</u>	<u>\$ 446,610</u>

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISES - OTHER
STATEMENT OF CURRENT FUNDS (UNRESTRICTED)
STATEMENT OF CHANGES IN FUND BALANCES BY ENTITY
For the Year Ended June 30, 2012**

	<u>Student/Staff Programs</u>	<u>Regional Services</u>	<u>Total</u>
Fund balances at July 1, 2011	<u>\$ 305,216</u>	<u>-</u>	<u>\$ 305,216</u>
Revenues and other additions			
Operating revenues	974,210	-	974,210
Change in investment market value	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other additions	<u>974,210</u>	<u>-</u>	<u>974,210</u>
Expenditures and other deductions			
Operating expenditures	527,600	-	527,600
Non-mandatory transfers	<u>471,000</u>	<u>-</u>	<u>471,000</u>
Total expenditures and other deductions	<u>998,600</u>	<u>-</u>	<u>998,600</u>
Net decrease for the year	<u>(24,390)</u>	<u>-</u>	<u>(24,390)</u>
Fund balances at June 30, 2012	<u><u>\$ 280,826</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 280,826</u></u>

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISES - OTHER
STATEMENT OF PLANT FUNDS
STATEMENT OF CHANGES IN FUND BALANCES BY ENTITY
For the Year Ended June 30, 2012**

	Student/Staff Programs	Regional Services	Total
NON-INDENTURED RESERVES			
Fund balances at July 1, 2011	\$ 793,583	\$ -	\$ 793,583
Reserve additions			
Current funds	471,000	-	471,000
Total additions	471,000	-	471,000
Reserve deductions			
Repairs and maintenance	3,332	-	3,332
Permanent improvements	694,140	-	694,140
Total reductions	697,472	-	697,472
Fund balances at June 30, 2012	\$ 567,111	\$ -	\$ 567,111
INVESTMENT IN PLANT			
Fund balances at July 1, 2011	\$ 2,797,669	\$ -	\$ 2,797,669
Plant additions			
Current funds	46,130	-	46,130
Reserve funds	693,100	-	693,100
Total additions	739,230	-	739,230
Plant reduction			
Depreciation	169,445	-	169,445
Total reduction	169,445	-	169,445
Fund balances at June 30, 2012	\$ 3,367,454	\$ -	\$ 3,367,454

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 AUXILIARY ENTERPRISES - DESIGNATED FUNDS
 STATEMENT OF CURRENT FUNDS
 BALANCE SHEET BY ENTITY
 June 30, 2012

	Student Fee Programs	Material Fees	Service Departments	Student/ Staff Programs	Educational Services	Unique Charges Credit Courses	Public Service Activities	Indirect Costs	Continuing Education Contract Credit	Total
ASSETS										
CURRENT FUNDS										
Cash and temporary investments	\$ 2,399,287	\$ 26,941	\$ 8,561,337	\$ 67,133	\$ 66,930	\$ (167,551)	\$ 553,953	\$ 113,937	\$ 526,163	\$ 12,148,130
Accrued interest receivable	-	-	416	-	-	-	-	-	-	416
Accounts receivable (net of allowance)	1,253,313	28,599	18,742	53,509	20,430	245,189	89,989	-	315,946	2,025,717
Inventories	19,585	-	677,619	1,629	-	-	-	-	-	698,833
Prepaid expense and other assets	44,386	-	1,456	-	-	-	420	-	-	46,262
Total current funds	<u>3,716,571</u>	<u>55,540</u>	<u>9,259,570</u>	<u>122,271</u>	<u>87,360</u>	<u>77,638</u>	<u>644,362</u>	<u>113,937</u>	<u>842,109</u>	<u>14,919,358</u>
PLANT FUNDS										
Temporary cash investments	5,961,444	-	4,633,904	99,610	51,579	-	65	-	50,254	10,796,856
Accounts receivable	385,950	-	240,000	-	-	-	-	-	-	625,950
Bond discount	94,554	-	-	-	-	-	-	-	-	94,554
Buildings and improvements	18,795,850	-	14,469,776	100,668	-	-	50,000	42,344	-	33,458,638
Equipment	2,007,969	46,564	2,321,397	15,360	106,159	-	25,592	20,686	8,323	4,552,050
Construction in progress	290,349	-	69,456,135	-	2,000	-	-	35,000	-	69,783,484
Accumulated depreciation	(4,568,792)	(42,471)	(2,267,142)	(35,613)	(64,022)	-	(11,633)	(42,378)	(8,323)	(7,040,374)
Other assets	53,468	-	1,612,586	-	-	-	-	-	-	1,666,054
Total plant funds	<u>23,020,792</u>	<u>4,093</u>	<u>90,466,656</u>	<u>180,025</u>	<u>95,716</u>	<u>-</u>	<u>64,024</u>	<u>55,652</u>	<u>50,254</u>	<u>113,937,212</u>
Total assets	<u>\$ 26,737,363</u>	<u>\$ 59,633</u>	<u>\$ 99,726,226</u>	<u>\$ 302,296</u>	<u>\$ 183,076</u>	<u>\$ 77,638</u>	<u>\$ 708,386</u>	<u>\$ 169,589</u>	<u>\$ 892,363</u>	<u>\$ 128,856,570</u>
LIABILITIES AND FUND BALANCES										
CURRENT FUNDS										
Accounts payable and accrued expenses	\$ 591,175	\$ 464	\$ 3,238,752	\$ 6,577	\$ 2,872	\$ 12,787	\$ 43,137	\$ -	\$ 7,027	\$ 3,902,791
Accrued payroll	19,580	-	300,435	6,984	3,741	-	12,992	4,042	5,835	353,609
Accrued compensated absences	-	-	217,336	-	-	-	-	-	-	217,336
Deferred income	191,409	3,042	-	-	8,327	10,844	307,549	-	141,277	662,448
Total liabilities - current funds	<u>802,164</u>	<u>3,506</u>	<u>3,756,523</u>	<u>13,561</u>	<u>14,940</u>	<u>23,631</u>	<u>363,678</u>	<u>4,042</u>	<u>154,139</u>	<u>5,136,184</u>
Fund balances										
Current unrestricted	2,914,407	52,034	5,503,047	108,710	72,420	54,007	280,684	109,895	687,970	9,783,174
Total current funds	<u>3,716,571</u>	<u>55,540</u>	<u>9,259,570</u>	<u>122,271</u>	<u>87,360</u>	<u>77,638</u>	<u>644,362</u>	<u>113,937</u>	<u>842,109</u>	<u>14,919,358</u>
PLANT FUNDS										
Accounts Payable	-	-	2,961,833	-	-	-	-	-	-	2,961,833
Notes Leases payable	-	-	-	-	-	-	-	-	-	-
Certificates of participation payable	9,784,400	-	84,930,000	-	-	-	-	-	-	94,714,400
Bond premium	2,231	-	-	-	-	-	-	-	-	2,231
Total liabilities - plant funds	<u>9,786,631</u>	<u>-</u>	<u>87,891,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,678,464</u>
Fund balances										
Non-indentured reserve	247,150	-	646,632	99,610	51,580	-	65	-	50,254	1,095,291
Net investment in plant	7,219,248	4,093	(2,721,320)	80,415	44,136	-	63,959	55,652	-	4,746,183
Bond issuance costs	53,468	-	3,624,072	-	-	-	-	-	-	3,677,540
Construction reserve	540,911	-	1,025,439	-	-	-	-	-	-	1,566,350
Other Reserves	5,173,384	-	-	-	-	-	-	-	-	5,173,384
Total fund balances	<u>13,234,161</u>	<u>4,093</u>	<u>2,574,823</u>	<u>180,025</u>	<u>95,716</u>	<u>-</u>	<u>64,024</u>	<u>55,652</u>	<u>50,254</u>	<u>16,258,748</u>
Total plant funds	<u>23,020,792</u>	<u>4,093</u>	<u>90,466,656</u>	<u>180,025</u>	<u>95,716</u>	<u>-</u>	<u>64,024</u>	<u>55,652</u>	<u>50,254</u>	<u>113,937,212</u>
Total liabilities and fund balances	<u>\$ 26,737,363</u>	<u>\$ 59,633</u>	<u>\$ 99,726,226</u>	<u>\$ 302,296</u>	<u>\$ 183,076</u>	<u>\$ 77,638</u>	<u>\$ 708,386</u>	<u>\$ 169,589</u>	<u>\$ 892,363</u>	<u>\$ 128,856,570</u>

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 AUXILIARY ENTERPRISES - DESIGNATED FUNDS
 STATEMENT OF CURRENT FUNDS
 STATEMENT OF CHANGES IN FUND BALANCES BY ENTITY
 For the Year Ended June 30, 2012

	Student Fee Programs	Material Fees	Service Departments	Student/Staff Programs	Educational Services	Unique Charges Credit Courses	Public Service Activities	Indirect Costs	Continuing Education Contract Credit	Total
REVENUES										
Tuition and fees	\$ 14,172,058	\$ 341,593	\$ -	\$ 158,538	\$ -	\$ -	\$ -	\$ -	\$ 1,361,469	\$ 16,033,658
Federal grants and contracts	-	-	-	-	-	-	-	168,455	-	168,455
State grants and contracts	-	-	-	-	-	-	-	126,246	-	126,246
Private gifts, grants, and contracts	873,249	-	-	201,342	-	-	2,411	17,071	-	1,094,073
Investment income	-	-	-	-	-	-	-	-	-	-
Educational activities	1,701,708	628	-	418,329	617,902	(9,121)	1,350,994	-	-	4,080,440
Other additions	1,207,719	3,467	-	49,540	32,778	522,135	4,433	-	8,569	1,828,641
Total revenues and other additions	17,954,734	345,688	-	827,749	650,680	513,014	1,357,838	311,772	1,370,038	23,331,513
EXPENDITURES										
Educational and general										
Instruction	-	325,391	-	128,650	25,650	482,859	-	-	1,167,371	2,129,921
Research	-	-	-	-	-	-	-	-	-	-
Public service	-	-	-	255,409	630,807	-	1,291,061	-	-	2,177,277
Academic support	-	21,168	-	301,772	6,191	-	11,459	132,783	-	473,373
Student services	14,211,494	-	(5,164,793)	54,416	-	-	-	44,833	-	9,145,950
Institutional support	-	-	-	47,548	-	-	-	197,157	-	244,705
Operation and maintenance of plant	81,646	-	-	-	83,855	-	-	38,000	-	203,501
Scholarships and fellowships	551,404	-	-	-	-	-	-	-	-	551,404
Total educational and general expenditures	14,844,544	346,559	(5,164,793)	787,795	746,503	482,859	1,302,520	412,773	1,167,371	14,926,131
TRANSFERS AND OTHER ADDITIONS (DEDUCTIONS)										
Mandatory transfers										
Principal	(973,394)	-	(240,000)	-	-	-	-	-	-	(1,213,394)
Interest	(403,141)	-	(2,685,236)	-	-	-	-	-	-	(3,088,377)
Student aid matching grants	208,806	-	-	-	-	-	-	-	-	208,806
Total mandatory transfers	(1,167,729)	-	(2,925,236)	-	-	-	-	-	-	(4,092,965)
Non-mandatory transfers										
Renewal and replacement	-	-	(43,348)	(13,570)	(2,000)	-	-	-	(4,139)	(63,057)
Construction	-	-	-	-	-	-	-	-	-	-
Reserve	(3,079,768)	-	-	-	-	-	-	-	-	(3,079,768)
Excess local funds	(1,336,267)	-	-	-	-	(17)	-	-	(262,721)	(1,599,005)
Transfers, other	-	-	-	-	(7,950)	-	-	-	-	(7,950)
Total non-mandatory transfers	(4,416,035)	-	(43,348)	(13,570)	(9,950)	(17)	-	-	(266,860)	(4,749,780)
NET INCREASE (DECREASE) FOR THE YEAR	(2,473,574)	(871)	2,196,209	26,384	(105,773)	30,138	55,318	(101,001)	(64,193)	(437,363)
FUND BALANCES (DEFICIT) AT JULY 1, 2011	5,387,981	52,905	3,306,838	82,326	178,193	23,869	225,366	210,896	752,163	10,220,537
FUND BALANCES AT JUNE 30, 2012	\$ 2,914,407	\$ 52,034	\$ 5,503,047	\$ 108,710	\$ 72,420	\$ 54,007	\$ 280,684	\$ 109,895	\$ 687,970	\$ 9,783,174

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 AUXILIARY ENTERPRISES - DESIGNATED FUNDS
 STATEMENT OF PLANT FUNDS
 STATEMENT OF CHANGES IN FUND BALANCES BY ENTITY
 For the Year Ended June 30, 2012

	Student Fee Programs	Material Fees	Service Departments	Student/ Staff Programs	Educational Services	Unique Charges Credit Courses	Public Service Activities	Indirect Costs	Continuing Education Contract Credit	Total
NON-INDENTURED RESERVES										
Fund balances at July 1, 2011	\$ 265,596	\$ -	\$ 651,417	\$ 86,040	\$ 49,580	\$ -	\$ 65	\$ -	\$ 46,601	\$ 1,099,299
Reserve additions										
Current funds	-	-	43,348	13,570	2,000	-	-	-	4,139	63,057
Other reserve funds	-	-	7,750	-	-	-	-	-	-	7,750
Total Additions	-	-	51,098	13,570	2,000	-	-	-	4,139	70,807
Reserve deductions										
Non-capitalized equipment purchases	7,961	-	-	-	-	-	-	-	486	8,447
Transfer to Plant Fund	10,485	-	55,883	-	-	-	-	-	-	66,368
Total Deductions	18,446	-	55,883	-	-	-	-	-	486	74,815
Fund balances at June 30, 2012	\$ 247,150	\$ -	\$ 646,632	\$ 99,610	\$ 51,580	\$ -	\$ 65	\$ -	\$ 50,254	\$ 1,095,291
NET INVESTMENT IN PLANT										
Fund balances at July 1, 2011	\$ 6,302,545	\$ 5,779	\$ (3,987,140)	\$ 84,386	\$ 54,203	\$ -	\$ 50,969	\$ 58,996	\$ -	\$ 2,569,738
Plant additions										
Current funds	1,525,695	-	908,213	-	-	-	16,164	-	-	2,450,072
Other Current Funds	-	-	641	-	-	-	-	-	-	641
Non-indentured reserves	10,485	-	55,883	-	-	-	-	-	-	66,368
Construction reserve	6,912	-	539,890	-	-	-	-	-	-	546,802
Disposed Property	990	-	(474)	-	-	-	-	-	-	516
Total additions	1,544,082	-	1,504,153	-	-	-	16,164	-	-	3,064,399
Plant deductions										
Depreciation	618,458	1,686	238,333	3,971	10,067	-	3,174	3,344	-	879,033
Bond premium/discount	8,921	-	-	-	-	-	-	-	-	8,921
Total deductions	627,379	1,686	238,333	3,971	10,067	-	3,174	3,344	-	887,954
Fund balances (Deficit) at June 30, 2012	\$ 7,219,248	\$ 4,093	\$ (2,721,320)	\$ 80,415	\$ 44,136	\$ -	\$ 63,959	\$ 55,652	\$ -	\$ 4,746,183

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 AUXILIARY ENTERPRISES - DESIGNATED FUNDS
 STATEMENT OF PLANT FUNDS
 STATEMENT OF CHANGES IN FUND BALANCES BY ENTITY
 For the Year Ended June 30, 2012

	Student Fee Programs	Material Fees	Service Departments	Student/ Staff Programs	Educational Services	Unique Charges Credit Courses	Public Service Activities	Indirect Costs	Continuing Education Contract Credit	Total
BOND ISSUANCE COSTS										
Fund balance at July 1, 2011	\$ 62,886	\$ -	\$ 2,345,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,408,373
Additions										
Investment income	-	-	81	-	-	-	-	-	-	81
Build America Bonds subsidy	-	-	1,761,392	-	-	-	-	-	-	1,761,392
Total additions	-	-	1,761,473	-	-	-	-	-	-	1,761,473
Deductions										
Amortization of closing costs	9,418	-	148,978	-	-	-	-	-	-	158,396
Interest expense	-	-	333,910	-	-	-	-	-	-	333,910
Total deductions	9,418	-	482,888	-	-	-	-	-	-	492,306
Fund balance at June 30, 2012	\$ 53,468	\$ -	\$ 3,624,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,677,540
CONSTRUCTION RESERVE										
Fund balance at July 1, 2011	\$ 558,550	\$ -	\$ 1,723,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,282,496
Additions										
Investment income	-	-	3,362	-	-	-	-	-	-	3,362
Total additions	-	-	3,362	-	-	-	-	-	-	3,362
Deductions										
Transfer to net investment in plant fund	6,912	-	539,890	-	-	-	-	-	-	546,802
Non-capitalized construction expenses	10,727	-	161,979	-	-	-	-	-	-	172,706
Total deductions	17,639	-	701,869	-	-	-	-	-	-	719,508
Fund balance at June 30, 2012	\$ 540,911	\$ -	\$ 1,025,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,566,350

**STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 AUXILIARY ENTERPRISES - DESIGNATED FUNDS
 STATEMENT OF PLANT FUNDS
 STATEMENT OF CHANGES IN FUND BALANCES BY ENTITY
 For the Year Ended June 30, 2012**

	Student Fee Programs	Material Fees	Service Departments	Student/ Staff Programs	Educational Services	Unique Charges Credit Courses	Public Service Activities	Indirect Costs	Continuing Education Contract Credit	Total
OTHER RESERVES										
Fund balance at July 1, 2011	\$ 2,106,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,106,804
Reserve Additions										
Current Funds	3,079,768	-	-	-	-	-	-	-	-	3,079,768
Total additions	3,079,768	-	-	-	-	-	-	-	-	3,079,768
Reserve Deductions										
Transfer to Current funds	13,188	-	-	-	-	-	-	-	-	13,188
Total deductions	13,188	-	-	-	-	-	-	-	-	13,188
Fund balance at June 30, 2012	\$ 5,173,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,173,384

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 CALCULATION SHEETS FOR CURRENT EXCESS FUNDS (UNAUDITED)
 June 30, 2012

	Auxiliary Enterprises - Revenue Bonds			Auxiliary Enterprises - Other	
	Student Living	Student Facilities	Textbook Rental Services	Staff / Student	Regional Services
1. CURRENT AVAILABLE FUNDS					
Cash	\$ 4,223,043	\$ (884,443)	\$ 644,814	\$ 132,016	\$ -
Cash equivalents	17,719	8,581	-	554	-
Total current available funds	A. 4,240,762	(875,862)	644,814	132,570	-
2. WORKING CAPITAL ALLOWANCE					
Add					
Highest month's expenditures	5,868,750	1,580,286	592,535	118,533	-
Encumbrances and current liabilities paid in lapse period	470,803	81,099	7,907	14,506	-
Deferred income	153,506	110,192	69,412	-	-
Refundable deposits	630,092	-	-	-	-
Accrued compensated absences	437,996	206,814	20,733	-	-
Working Capital Allowance	B. 7,561,147	1,978,391	690,587	133,039	-
3. CURRENT EXCESS FUNDS					
Deduct B from A	C. \$ (3,320,385)	\$ (2,854,253)	\$ (45,773)	\$ (469)	\$ -
4. CALCULATION OF INCOME FUND REMITTANCE					
An entity may offset excess capital on current funds within the entity. Enter the amount to be offset, if any, here	D.				
Enter the algebraic sum of C and D and deposit into the Income Fund					

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 CALCULATION SHEETS FOR CURRENT EXCESS FUNDS (UNAUDITED)
 June 30, 2012

	Designated Funds - Auxiliary Activities						Continuing Education Contract Credit
	Student Fee Programs	Material Fees	Service Departments	Student / Staff Programs	Educational Services	Public Service	
1. CURRENT AVAILABLE FUNDS							
Cash	\$ 1,584,511	\$ 26,828	\$ 9,322,204	\$ 66,799	\$ 66,651	\$ 551,633	\$ 523,959
Cash equivalents	14,776	113	39,133	334	280	2,320	2,204
Total current available funds	A. 1,599,287 *	26,941	9,361,337 *	67,133	66,931	553,953	526,163
2. WORKING CAPITAL ALLOWANCE							
Add							
Highest month's expenditures	2,802,418	52,048	7,374,199	95,300	209,301	277,603	242,297
Encumbrances and current liabilities paid in lapse period	224,806	463	3,299,187	13,561	6,613	56,130	12,862
Deferred income	191,409	3,042	-	-	8,328	307,549	141,277
Refundable deposits	-	-	-	-	-	-	-
Accrued compensated absences	-	-	217,336	-	-	-	-
Working Capital Allowance	B. 3,218,633	55,553	10,890,722	108,861	224,242	641,282	396,436
3. CURRENT EXCESS FUNDS							
Deduct B from A	C. \$ (1,619,346)	\$ (28,612)	\$ (1,529,385)	\$ (41,728)	\$ (157,311)	\$ (87,329)	\$ 129,727
4. CALCULATION OF INCOME FUND REMITTANCE							
An entity may offset excess capital on current funds within the entity. Enter the amount to be offset, if any, here	D.						-
Enter the algebraic sum of C and D and deposit into the Income Fund							\$ 129,727

* Cash in the Student Fee Program and Service Departments entities does not match the balance sheets presented on page 91.
 For entity financial reporting, the allowance for bad debts, which is held in the Service Department entity, is presented in the Student Fee Program entity on the balance sheet.

STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 CALCULATION SHEETS FOR CURRENT EXCESS FUNDS (UNAUDITED)
 June 30, 2012

Designated Funds - Auxiliary Activities - Unique Charges Credit Courses						
	Faculty Led International Study Abroad	Outdoor Education	Geology Field Studies Even	Biological Science Field Trips	Tour of Black Universities and Colleges	Total Unique Charges Credit Courses
1. CURRENT AVAILABLE FUNDS						
Cash	\$ (164,352)	\$ (780)	\$ (2,409)	\$ (10)	\$ -	\$ (167,551)
Cash equivalents	-	-	-	-	-	-
Total current available funds	A. (164,352)	(780)	(2,409)	(10)	-	(167,551)
2. WORKING CAPITAL ALLOWANCE						
Add						
Highest month's expenditures	-	-	-	-	-	-
Encumbrances and current liabilities paid in lapse period	12,787	-	-	-	-	12,787
Deferred income	10,844	-	-	-	-	10,844
Refundable deposits	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	-
Working Capital Allowance	B. 23,631	-	-	-	-	23,631
3. CURRENT EXCESS FUNDS						
Deduct B from A	C. <u>\$ (187,983)</u>	<u>\$ (780)</u>	<u>\$ (2,409)</u>	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ (191,182)</u>
4. CALCULATION OF INCOME FUND REMITTANCE						
An entity may offset excess capital on current funds within the entity. Enter the amount to be offset, if any, here						D.
Enter the algebraic sum of C and D and deposit into the Income Fund						

SCHEDULE 27

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
ANALYSIS OF INDIRECT COST REIMBURSEMENTS
SCHEDULE OF SOURCES AND APPLICATIONS
For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Sources		
Federal	\$ 168,455	\$ 181,582
State	126,246	123,986
Other	17,071	13,393
	<u>311,772</u>	<u>318,961</u>
Applications		
Academic support	132,783	129,320
Student services	44,833	1,335
Institutional support	197,157	167,972
Operations and maintenance of plant	38,000	35,054
	<u>412,773</u>	<u>333,681</u>
Sources over applications	(101,001)	(14,720)
Fund balance, beginning of year	<u>210,896</u>	<u>225,616</u>
Fund balance, end of year	<u><u>\$ 109,895</u></u>	<u><u>\$ 210,896</u></u>

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
ANALYSIS 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	<u>\$ 113,937</u>
2. Allocated Reimbursements	
Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed	
\$455,023; enter 30% of this amount	<u>136,507</u>
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	<u>-</u>
4. Encumbrances and Current Liabilities Paid in the Lapse Period	
Enter the amount of	
Current liabilities	4,042
Encumbrances	<u>-</u>
Total	<u>4,042</u>
5. Indirect Cost Carry-forward	
a. Enter the total of items 2, 3 and 4	<u>140,549</u>
Subtract line 5a. from item 1	<u>\$ (26,612)</u>
If the positive number results, enter here and remit for deposit in the Income Fund	<u>\$ -</u>

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FEDERAL EXPENDITURES, NONFEDERAL EXPENSES AND NEW LOANS
For the Year Ended June 30, 2012
(expressed in thousands)**

Schedule A -- Federal Financial Component

Total federal expenditures reported on SEFA schedule	\$ 99,655
Total new loans made not included on SEFA Schedule	-
Amount of federal loan balances (not included on the SEFA schedule and continued compliance required)	-
Other noncash federal award expenditures (not included on SEFA schedule)	-
Total Schedule A	<u>\$ 99,655</u>

Schedule B -- Total Financial Component

Total operating expenses (from financial statements)	\$ 246,346
Total nonoperating expenses (from financial statements)	(5,738)
Total new loans made	71,800
Amount of federal loan balances	6,705
Other noncash federal award expenditures	905
Total Schedule B	<u>\$ 320,018</u>

Schedule C

		<u>Percent</u>
Total Schedule A	\$ 99,655	31.1%
Total non-federal expenses	<u>220,363</u>	<u>68.9%</u>
Total Schedule B	<u>\$ 320,018</u>	<u>100.0%</u>

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

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)
For the Year Ended June 30, 2012**

Mission

The Eastern Illinois University's mission statement states that it offers superior, accessible undergraduate and graduate education. Students learn the methods and results of free and rigorous inquiry in the arts, humanities, sciences and professions, guided by faculty known for its excellence in teaching, research, creative activity and service. The University community is committed to diversity and inclusion and fosters opportunities for student-faculty scholarship and applied learning experiences within a student-centered campus culture. Throughout their education, students refine their abilities to reason and to communicate clearly so as to become responsible citizens and leaders.

Strategic Plan

During the year ended June 30, 2012, the University completed work on a strategic plan. The plan represents a rededication to the University's mission and embodies the deep passion and appreciation that students, faculty, staff, alumni and friends have for Eastern Illinois University. The plan is made up of six strategic themes. Each theme has a guiding vision, three supporting goals, recommended actions for achieving the goals and estimates of any onetime or continuing financial requirements.

The six strategic themes and the related goals and actions are summarized below.

Academic Excellence—Provide students, whether residential, off-campus or online, with rigorous, relevant curricula and personal attention in a collaborative, supportive educational environment. Academic programs will be increasingly integrative and interdisciplinary, developed by an accomplished faculty who use their research and creative activities to inform their teaching and engage students. This will be accomplished by creating a culture of academic rigor; providing opportunity and access for students, both traditional and non-traditional who seek rigorous academic programs; and, creating the best opportunities for success, including degree completion, advanced studies and career preparation.

Global Competition and Changing Demographics—The University will be home to an increasingly diverse community of students, faculty and staff who are globally aware and globally connected. Our graduates will be equipped with the skills, knowledge and abilities they need to be productive and successful in an interdependent world. This will be accomplished by developing and expanding national and international partnerships so that students and faculty have the widest exposure possible to a globally diverse community; promoting campus understanding of student diversity; and, strengthening the University's commitment to diversity and its global impact.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)
For the Year Ended June 30, 2012**

Emerging Technologies—The University will continually explore emerging technologies based on the needs of students, faculty and academic programs. The University will strive to support its academic and administrative functions with reliable, seamless information technology services. This will be accomplished by making targeted investments in our technology infrastructure; increasing the transparency of technology funding; and, centralizing and standardizing select technology services with clear and uniform policies and procedures.

Campus and Community Life—The University will be a regional economic development partner and cultural center that recognizes its responsibility to the area's economic development and enriches the community with academic, artistic and athletic events. The students and community will benefit from a vibrant campus life, with a strong tradition of volunteerism and community service, and faculty will guide students to reflect on how their co-curricular activities connect to their classroom learning. This will be accomplished by enhancing participation and community collaboration in campus activities, service and engagement through an effective and streamlined planning process; creating a collaborative landscape/streetscape plan from the Neal Welcome Center of 18th Street to more strongly connect the campus and community and to provide a welcoming corridor along Lincoln Avenue; and, establishing a new campus landmark to enhance tradition and school pride across the campus and community.

Financial Sustainability—The University resources will be allocated based upon strategic priorities established within a structure of shared governance. Stable enrollments, sound business practices and increased philanthropy from alumni and other friends of the University will help ensure financial sustainability. This will be accomplished by maintaining stable enrollment consistent with previous studies on institutional capacity; increasing gifts and endowments, and strategically targeting the effective use of these funds; and, eliminating academic and administrative programs and positions that are neither financially sustainable nor academically central to the University's mission.

Marketing and Communications—The campus and surrounding communities will take pride in the University's many accomplishments and in the successes of our students, faculty, staff and alumni. Prospective students will increasingly identify Eastern as their first choice. This will be accomplished by effectively communicating who we are; developing a structure to enhance communication about marketing and branding; and, increasing communication with alumni, donors and external audiences.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)
For the Year Ended June 30, 2012**

A five-year timeframe is envisioned for implementation of the plan. The President's Council has the primary responsibility for the implementation of the plan.

Status of the University's progress in achieving the goals established as part of the Strategic Plan can be monitored at <http://www.eiu.edu/strategicsummary/>.

Other Planning Functions

The Council on University Planning and Budget (CUPB) has been established to advise the President regarding the setting of program priorities in the University budget, review of the budget and significant transfers among internal budget items. Appointments to CUPB come from many diverse constituencies across the campus. Plans and goals are presented to CUPB for input and recommendations before implementation. Subcommittees of CUPB for each Vice Presidential area provide input and recommendations to Vice Presidential planning goals as well.

The Office of Planning, Budget and Institutional Research is responsible for providing data to assess progress made toward the achievement of plans and goals. The Office has developed Metrics and Benchmarks that are available to all constituencies at <http://www.eiu.edu/presiden/metrics.php>. Annually individual departments prepare their budgets based upon guidance from the University's administration. Modifications to the budget are initiated by the individual departments and approved by the administration. The Office of Planning, Budget and Institutional Research accumulates, publishes and monitors the University's budget.

Location, Address and Head of the Agency

Dr. William L. Perry, President
Eastern Illinois University
600 Lincoln Avenue
Charleston, Illinois 61920

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT) (UNAUDITED)
For the Years Ended June 30, 2012 and 2011**

	Instructional Activities	Organized Research	Public Service	Academic Support	Student Services	Institutional Support	Operations and Maintenance Physical Plant	Independent Operations	Total All Functions
Year ended June 30, 2012									
Appropriated funds									
Faculty/administrative	583.9	20.8	12.5	55.8	65.3	38.8	3.1	-	780.2
Civil service	110.0	0.1	2.4	61.1	40.6	93.0	100.7	-	407.9
Student employees	18.4	0.4	3.6	11.5	6.9	5.8	6.2	-	52.8
Total	712.3	21.3	18.5	128.4	112.8	137.6	110.0	-	1,240.9
Non-appropriated funds									
Faculty/administrative	16.9	5.5	15.1	5.6	45.3	3.3	0.5	37.8	130.0
Civil service	12.4	-	55.4	1.8	28.7	18.6	128.9	100.0	345.8
Student employees	7.9	3.3	6.6	1.9	21.8	0.8	48.7	146.7	237.7
Total	37.2	8.8	77.1	9.3	95.8	22.7	178.1	284.5	713.5
Total all funds	749.5	30.1	95.6	137.7	208.6	160.3	288.1	284.5	1,954.4
Year ended June 30, 2011									
Appropriated funds									
Faculty/administrative	625.3	2.0	4.6	51.6	55.4	36.6	2.8	-	778.3
Civil service	115.4	0.6	2.4	61.2	42.7	84.1	110.3	-	416.7
Student employees	15.0	0.2	3.3	9.7	14.0	5.9	2.4	-	50.5
Total	755.7	2.8	10.3	122.5	112.1	126.6	115.5	-	1,245.5
Non-appropriated funds									
Faculty/administrative	14.1	3.8	15.1	6.1	46.3	3.0	39.0	44.3	171.7
Civil service	11.6	0.5	61.1	2.0	30.7	18.6	126.7	105.9	357.1
Student employees	7.0	1.8	7.0	2.1	23.0	0.2	7.5	139.5	188.1
Total	32.7	6.1	83.2	10.2	100.0	21.8	173.2	289.7	716.9
Total all funds	788.4	8.9	93.5	132.7	212.1	148.4	288.7	289.7	1,962.4

This information has been provided by the University's Office of Budget Planning and Institutional Studies.

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

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

**STATE OF ILLINOIS
 EASTERN ILLINOIS UNIVERSITY
 ANNUAL COST STATISTICS (UNAUDITED)
 June 30, 2012 and 2011**

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

	<u>2012</u>	<u>2011</u>
Total education and general expenses/expenditures from current appropriated funds	\$ 46,869,200*	\$ 47,413,000*
Expenses/expenditures from locally held University Income Fund	<u>68,151,568</u>	<u>65,134,045</u>
Total expenses from current appropriated and locally held funds	115,020,768	112,547,045
Full-time equivalent students	÷ <u>9,354</u>	÷ <u>9,800</u>
COST PER FULL-TIME EQUIVALENT STUDENT	\$ <u>12,296</u>	\$ <u>11,484</u>

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

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
EMERGENCY PURCHASES (UNAUDITED)
For the Year Ended June 30, 2012**

During Fiscal Year 2012, the University did not report any Emergency Purchases to the Office of the Auditor General.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
BOOKSTORE INFORMATION (UNAUDITED)
For the Year Ended June 30, 2012**

The University owns and operates its own textbook rental and bookstore operation. The following is the summary of the textbook rental and bookstore operation.

Contractor	Not applicable
Contract term	Not applicable
Bookstore and textbook rental information	<ul style="list-style-type: none"> • The textbook rental facility takes care of procuring the textbooks that the students use in their classes. • The academic personnel of EIU 1) determine the textbook needs of the University; 2) decide which books need to be replaced; and 3) order updated textbooks. • Students pay \$9.95 per credit hour and are fined for damages, if necessary. • The faculty must use the textbook for two years or three consecutive semesters before switching. • Bookstore sells supplementary textbook materials but not the actual textbooks. It also sells office supplies, computers, and other merchandise.
Amount of gross textbook rental income for FY 12	\$2,929,148
Amount of gross sales for Bookstore for FY 12	\$2,106,844
Amount to be paid to the bookstore for FY 12 (if any) by University	Not applicable
Commissions	Not applicable
Commission terms	Not applicable
Given exclusive rights	Yes
Competition/"Other" nearby/ On campus bookstore and textbook rental	None

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
PERFORMANCE INDICATORS		
Degrees conferred	2,782	2,907
Retention rate (fall to fall)	79.0%	79.0%
Graduation rate (6 year)	59.0%	62.0%

Enrollment figures, as developed by University personnel for the undergraduate and graduate schools during the year under review, are presented below:

ENROLLMENT STATISTICS

Summer term

Undergraduate students	1,817	1,796
Graduate students	797	898
Extension class	1,320	1,385
Total enrollment	<u>3,934</u>	<u>4,079</u>

Fall term

Undergraduate students	8,879	9,281
Graduate students	1,157	1,230
Extension class	1,142	1,119
Total enrollment	<u>11,178</u>	<u>11,630</u>
Full-time equivalent students	<u>9,797</u>	<u>10,248</u>

Spring term

Undergraduate students	7,983	8,397
Graduate students	1,125	1,152
Extension class	1,147	1,101
Total enrollment	<u>10,255</u>	<u>10,650</u>
Full-time equivalent students	<u>8,911</u>	<u>9,352</u>

Annual full-time equivalent students (based on average per term exclusive of summer term)

<u>9,354</u>	<u>9,800</u>
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**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR UNIVERSITY AUDITS (UNAUDITED)
For the Year Ended June 30, 2012**

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the University’s financial audit and compliance examination reports for the year ended June 30, 2012, where such special data is found.

Compliance Findings

- 13(a) There was a violation of the compliance requirements of the University Guidelines identified during the financial audit and compliance examination of the Eastern Illinois University for the year ended June 30, 2012, described in the accompanying Schedule of Findings and Questioned Costs at Finding 12-14 on pages 49-50.

Indirect Cost Reimbursements

- 13(b) A statement of the sources and application of indirect cost recoveries is presented on Schedule 27 within this report at page 99.
- 13(c) The University’s calculation sheet for indirect cost carry-forward and any required remittance to the University’s income fund is presented on Schedule 28 within this report at page 100.

Tuition Diversion to Auxiliary Enterprise Operations

- 13(d) There were no diversions of tuition revenues to auxiliary enterprise operations identified during the financial audit and compliance examination of the Eastern Illinois University for the year ended June 30, 2012.

Auxiliary Enterprises, Activities, and Accounting Entities

- 13(e) An identification of each specific accounting entity and a description of each entity’s sources of revenues and purpose are presented on Schedule 12 within this report at pages 78-79.
- 13(f) The present financial statements for each accounting entity are presented on Schedules 13-24 within this report at pages 80-95. These entity financial statements should be read in conjunction with the University’s audited financial statements for the year ended June 30, 2012.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR UNIVERSITY AUDITS (UNAUDITED)
For the Year Ended June 30, 2012**

Auxiliary Enterprises, Activities, and Accounting Entities (continued)

- 13(g) The University's calculation sheets for current excess funds within each accounting entity and any required remittance to the University's income fund are presented on Schedules 25 – 26 within this report at pages 96-98.
- 13(h) University management discloses support received by auxiliary enterprises of approximately \$5,148,342 of group insurance expense and \$3,967,581 of retirement plan contributions were paid from State appropriated funds for the year ended June 30, 2012. These payments are shown in the University's financial statements as "Payments on behalf of the University."
- 13(i) The revenues and expenses for various bond indenture accounts are presented on Schedules 13 – 17 within this report at pages 80-86. A description of the Student Living, Student Facilities, and Textbook Rental entities' sources of revenues and purpose are presented on Schedule 12 within this report at pages 78-79.
- 13(j) There were no violations of the bond covenants identified during the financial audit and compliance examination of the Eastern Illinois University for the year ended June 30, 2012.
- 13(k) The University does not currently have any non-instructional facilities reserves established by the University's Board of Trustees.

University Related Organizations (UROs)

- 13(l) The University has two UROs, the Eastern Illinois University Foundation and the Eastern Illinois University Alumni Association, Inc. The University does not have any "Independent Organizations" under Section VII of the University Guidelines.
- 13(m) A summary of Eastern Illinois University Foundation payments to the University for services provided by the University is presented within this report at page 114. A summary of Eastern Illinois University Alumni Association, Inc. payments to the University for services provided by the University is presented within this report at page 115.
- 13(n) A summary of University payments to the Eastern Illinois University Foundation for services provided by the Eastern Illinois University Foundation is presented within this report at page 114. A summary of University payments to the Eastern Illinois University Alumni Association, Inc. for services provided by the Eastern Illinois University Alumni Association, Inc. is presented within this report at page 115.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR UNIVERSITY AUDITS (UNAUDITED)
For the Year Ended June 30, 2012**

University Related Organizations (UROs) (continued)

- 13(o) A disclosure of the cumulative amount of unreimbursed subsidies to the Eastern Illinois University Foundation is presented within this report at page 114. A disclosure of the cumulative amount of unreimbursed subsidies to the Eastern Illinois University Alumni Association, Inc. is presented within this report at page 115.
- 13(p) A disclosure and description of debt financed by the Eastern Illinois University Foundation is disclosed within the financial audit report at Note 20 on pages 53-57. The Eastern Illinois University Alumni Association, Inc. did not have any debt financing at June 30, 2012.

Other Topics

- 13(q) The Comparative Schedule of Cash and Cash Equivalents is presented on Schedule 7 within this report at page 71. The Comparative Schedule of Investments is presented on Schedule 8 within this report at page 72.
- 13(r) The University's income from investments of pooled funds has been allocated and credited to the original sources of the funds, to the extent practical. There was no unallocated investment income required to be paid into the University's Income Fund.
- 13(s) The cost per full-time equivalent student – prepared in accordance with requirements of the State of Illinois, Board of Higher Education – is presented within this report at page 106.
- 13(t) The University, Eastern Illinois University Foundation, and Eastern Illinois University Alumni Association, Inc. did not purchase real estate with acquisition costs in excess of \$250,000 that were not funded by a separate, specific appropriation from the General Assembly.
- 13(u) The University's Certificate of Participation issuances are disclosed within the financial audit report at Note 12 on pages 45-47.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR UNIVERSITY AUDITS (UNAUDITED)
For the Year Ended June 30, 2012**

Other Schedules for Universities

- 13(1) An analysis of State appropriations to the University is presented on Schedules 2-4 within this report at pages 66-68.
- 13(2) A Comparative Schedule of Revenues and Expenses for the University's Income Fund is presented on Schedule 5 within this report at page 69.
- 13(3) Separate schedules of tuition and fee waivers for undergraduate and graduate students, respectively, are presented within this report at pages 116-117.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SUMMARY OF EASTERN ILLINOIS UNIVERSITY FOUNDATION
TRANSACTIONS WITH THE UNIVERSITY (UNAUDITED)
For the Years Ended June 30, 2012 and 2011**

During the years ended June 30, 2012 and 2011, the Foundation was under contract with the University to provide the University with fund-raising services. As provided in the contract, the University provided cash, services and other resources to the Foundation in the amount of \$222,236 and \$230,330, respectively. Although not required by contract, the Foundation fully repaid the University for these advances using cash, services and resources considered unrestricted for purposes of the *University Guidelines* computations. In addition, the Foundation gave the University funds, which are considered restricted for purposes of the Guidelines computations. Presented below is a summary of all funds that the Foundation gave to the University during the years ended June 30:

	<u>2012</u>	<u>2011</u>
Funds considered unrestricted for purposes of the Guidelines computations:		
Restricted only as to campus, college or department and generally available for on-going University operations	\$ 2,575,693	\$ 1,389,601
Office and warehouse space and utilities provided at no charge	<u>80,016</u>	<u>76,402</u>
Total funds considered unrestricted	<u>2,655,709</u>	<u>1,466,003</u>
Funds considered restricted for purposes of the Guidelines computations:		
Given for scholarships, grants and awards	<u>960,612</u>	<u>809,851</u>
Total funds considered restricted	<u>960,612</u>	<u>809,851</u>
Total funds provided to the University by the Foundation	<u><u>\$ 3,616,321</u></u>	<u><u>\$ 2,275,854</u></u>

There were no unreimbursed subsidies from the University to the Eastern Illinois University Foundation at June 30, 2012.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SUMMARY OF EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION, INC.
TRANSACTIONS WITH THE UNIVERSITY (UNAUDITED)
For the Years Ended June 30, 2012 and 2011**

The Alumni Association provided office space to the University with an annual fair market value of \$44,375 and \$52,305 for fiscal years ended June 30, 2012 and 2011, respectively.

Additionally, during the fiscal years ended June 30, 2012 and 2011, the Alumni Association provided unrestricted grants to the University in the amounts of \$23,168 and \$23,574, respectively.

No funds were given by the Alumni Association to the University for restricted purposes. The University provided cash, services, and other resources to the Alumni Association in the amount of \$21,081 and \$14,069 for fiscal years ended June 30, 2012 and 2011, respectively.

There were no unreimbursed subsidies from the University to the Eastern Illinois University Alumni Association, Inc. at June 30, 2012.

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
UNDERGRADUATE TUITION AND FEE WAIVERS (UNAUDITED)
For the Year Ended June 30, 2012**

	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>					
Teacher Special Education	77	77	\$ 506.6	-	\$ -
General Assembly	38	38	225.0	-	-
Reserve Officer's Training Corps	49	48	296.1	-	-
Department of Children and Family Services	13	13	63.1	-	-
Children of Employees	185	182	561.1	-	-
Veterans Grants and Scholarship	147	146	572.1	130	111.5
Senior Citizens	1	1	1.2	-	-
SUBTOTAL	510	505	2,225.2	130	111.5
<u>DISCRETIONARY WAIVERS</u>					
Faculty Administrators (Non-Civil Service)					
Civil Service	38	38	56.3	34	8.4
Academic/Other Talent	161	155	269.4	-	-
Athletic	146	145	762.9	-	-
Gender Equity in Intercollegiate Athletics	89	88	386.9	-	-
Foreign Exchange Students	2	2	21.0	2	2.1
Foreign Students	12	11	139.5	-	-
Student Need - Financial Aid	10	10	32.5	-	-
Interinstitutional/Related Agencies	134	134	260.9	119	8.4
Children of Deceased Employees	4	4	29.7	3	7.9
Others:					
Study Abroad	3	3	8.7	-	-
Charleston City Road Scholar	12	10	68.3	-	-
SUBTOTAL	611	600	2,036.1	158	26.8
TOTAL	1,121	1,105	\$ 4,261.3	288	\$ 138.3

* Unduplicated

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
GRADUATE TUITION AND FEE WAIVERS (UNAUDITED)
For the Year Ended June 30, 2012**

	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>					
Teacher Special Education	6	6	\$ 35.3	-	\$ -
General Assembly	1	1	\$ 0.9	-	-
ROTC	1	-	0.6	-	-
SUBTOTAL	8	7	36.8	-	-
<u>DISCRETIONARY WAIVERS</u>					
Faculty/Administrators (Non-Civil Service)	33	32	46.2	33	11.4
Civil Service	57	55	125.7	54	28.0
Retired Employees	1	1	0.5	1	0.2
Foreign Students	52	51	263.0	-	-
Foreign Exchange Students	1	1	8.4	1	1.1
Student Need - Financial Aid	-	-	-	-	-
Cooperating Professionals	378	358	484.5	239	97.8
Research Assistants	156	116	772.6	-	-
Teaching Assistants	158	150	918.5	-	-
Other Assistants	298	270	1,546.0	-	-
Interinstitutional/Related Agencies	17	16	38.7	17	6.5
Contract/Training Grants	29	26	58.0	-	-
SUBTOTAL	1,180	1,076	4,262.1	345	145.0
TOTAL	1,188	1,083	\$ 4,298.9	345	\$ 145.0

* Unduplicated

**STATE OF ILLINOIS
EASTERN ILLINOIS UNIVERSITY
SCHEDULE OF ACCRUED LIABILITY FOR EMPLOYEE
COMPENSATED ABSENCES (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2012**

The total liability for accrued compensated absences at June 30 for the last ten years is presented below:

Year Ended June 30	Accrued Vacation Pay	Accrued Sick Pay	Compensatory Time Off *	Total
2012	5,928,980	5,466,950	86,355	11,482,285
2011	6,350,884	6,529,233	78,327	12,958,444
2010	6,338,101	6,970,192	77,526	13,385,819
2009	6,113,046	7,473,875	84,967	13,671,888
2008	5,657,706	8,300,573	86,592	14,044,871
2007	5,788,173	9,081,768	73,429	14,943,370
2006	5,040,499	9,440,922	56,551	14,537,972
2005	4,729,901	9,919,682	67,193	14,716,776
2004	4,472,856	10,544,418	61,176	15,078,450
2003	4,335,068	11,199,915	58,706	15,593,689

The University has not identified any sources of funds, other than appropriations, to liquidate this liability.

* In accordance with the Board of Governors Regulations (Section II, Subsection C.8.a) for 1996 and 1997 and the Eastern Illinois University's Internal Governing Policy #38 for 1998 to 2012, the University will compensate civil service employees for overtime "at time and one half in cash or by allowing compensatory time off, for all time in a work week in excess of the number of hours of work comprising an established full-time daily or weekly work schedule." Civil service employees may carry over the unused compensatory time off for one year. At that time, the compensatory time off must either be used or the employee is paid in cash.