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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

594-61700-10

REPORT DIGEST

**ILLINOIS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
(In accordance with the Single Audit Act of 1984,
and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 1994**

SYNOPSIS

- The University's current accounting system is outdated and inefficient for preparing financial statements and various other financial reports.

{Financial Information is summarized on the reverse page.}

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RECYCLED PAPER · SOYBEAN INKS

ILLINOIS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
For The Year Ended June 30, 1994

FINANCIAL OPERATIONS (CURRENT FUNDS)	FY 1994	FY 1993
REVENUES		
Appropriations	\$ 68,814,700	\$ 66,210,900
Student tuition and fees	53,889,791	54,589,273
Grants, contracts, and gifts	20,359,956	20,658,484
Sales and services of educational departments	4,349,484	4,352,935
Auxiliary enterprises	35,890,892	34,607,662
Other	4,790,991	3,473,770
Total	<u>\$188,095,814</u>	<u>\$183,893,024</u>
EXPENDITURES AND MANDATORY TRANSFERS		
Instruction	\$ 54,270,937	\$ 52,141,079
Research	6,776,287	5,781,552
Public Service	8,107,260	8,677,964
Academic support	17,467,142	16,711,820
Student services	20,286,279	18,960,846
Institutional support	12,051,659	11,995,497
Operation of plant	14,681,564	15,116,743
Staff benefits	6,006,501	6,559,445
Student Aid	13,321,624	14,555,857
Auxiliary enterprises	28,920,115	27,615,595
Mandatory transfers	7,433,171	6,979,165
Total	<u>\$189,322,539</u>	<u>\$185,095,563</u>
SELECTED ACCOUNT BALANCES (ALL FUNDS)	JUNE 30, 1994	JUNE 30, 1993
Cash and short-term investments	\$ 9,356,010	\$ 11,014,277
Investments	22,949,633	20,935,855
Buildings, land, and equipment	342,101,834	329,781,116
Accrued compensated absences	17,638,319	16,405,045
Revenue bonds payable	48,524,168	49,803,236
Fund balances (deficit):		
Unrestricted	(1,864,275)	(553,729)
Restricted	1,312,725	1,247,097
Loan	9,224,227	9,086,186
Net investment in plant	302,363,083	287,947,389
SUPPLEMENTARY INFORMATION	FY 1994	FY 1993
Employment Statistics (Full Time Equivalent)		
Appropriated funds:		
Faculty/administrative	1,212.0	1,227.5
Civil service	785.4	786.5
Student employees and miscellaneous contracts	321.2	293.4
Nonappropriated funds:		
Faculty/administrative	370.3	330.7
Civil service	548.8	548.0
Student employees	462.5	517.8
Total Employees	<u>3,700.2</u>	<u>3,703.9</u>
Selected Activity Measures		
Annual full-time equivalent student	17,197	18,178
Full-time equivalent cost per student	\$6,213	\$5,742
Classroom utilization - maximum %	70.6%	72.3%
UNIVERSITY PRESIDENT		
During Audit Period: Dr. Thomas P. Wallace		
Currently: Dr. Thomas P. Wallace		

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

ACCOUNTING SYSTEM IS OUTDATED AND NOT EFFICIENT

The current accounting system utilized by the University Comptroller's Office is outdated and is not efficient for preparing financial statements and various other financial reports. This system has not been upgraded for several years. The various areas within the Comptroller's Office have ten different nonintegrated accounting systems which have evolved over time. These various systems process information throughout each fiscal year, and each system independently generates financial information. Preparation of the University's agency-wide financial statements is difficult because numerous combinations, eliminations, and allocations of amounts from the ten nonintegrated systems must be made.

An efficient and effective accounting system should facilitate the preparation of agency-wide financial statements, simplify daily record keeping, and enable individuals in various areas of the Comptroller's Office to have access and use the information from other areas. (Finding 1, page 9)

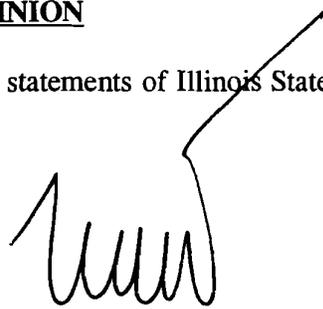
University officials agreed with our recommendation to make the upgrading of the accounting system a high priority. They stated a team was formed and initial review and planning began in July 1994.

OTHER FINDINGS

The remaining findings and recommendations are less significant and have been given appropriate attention by University management. We will review progress toward implementation of our recommendations during our next audit. University responses were provided by Mr. Charles A. Taylor, Associate Vice President and Comptroller.

AUDITORS' OPINION

Our auditors state the June 30, 1994 financial statements of Illinois State University are fairly presented.



WILLIAM G. HOLLAND, Auditor General

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	4	5
Repeated audit findings	2	4
Prior recommendations implemented or not repeated	3	9

SPECIAL ASSISTANT AUDITORS

Clifton, Gunderson & Co. were our special assistant auditors for this audit.