

**State of Illinois**  
**Illinois State University**

Compliance Examination  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)

For the Year Ended June 30, 2014  
Performed as Special Assistant Auditors for  
the Auditor General, State of Illinois



**State of Illinois**  
**Illinois State University**  
**Compliance Examination**  
**(In Accordance with the Single Audit**  
**Act and OMB Circular A-133)**  
**For the Year Ended June 30, 2014**

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The University’s annual financial statements for the year ended June 30, 2014, which includes the Independent Auditor’s Report, Management Discussion and Analysis, Basic Financial Statements, and Notes have been issued under a separate cover.		

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Schedule Page(s)

**Financial Statement Report (continued)**

*Government Auditing Standards Report*

In accordance with *Government Auditing Standards*, we have also issued a report under a separate cover entitled Report Required Under *Government Auditing Standards* for the Year Ended June 30, 2014, on our consideration of the Illinois State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Illinois State University's internal control over financial reporting and compliance.

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**Illinois State University**  
**Compliance Report Summary**  
**June 30, 2014**

***Agency Officials***

President (Interim)	Dr. Sheri Noren Everts (07/01/13 – 08/14/13)
President	Dr. Timothy Flanagan (08/15/13 – 03/22/14)
President	Dr. Larry Dietz (03/23/14 – Current)
Vice President for Finance and Planning	Dr. Daniel Layzell (07/01/13 – 2/24/14)
Vice President for Finance and Planning	Mr. Greg Alt (2/25/14 – Current)
Vice President for Academic Affairs and Provost	Dr. Sheri Noren Everts (07/01/2013 – 07/01/14)
Vice President for Academic Affairs and Provost	Dr. Janet Wessel Krejci (07/01/14 – Current)
Vice President for Student Affairs	Dr. Larry Dietz (07/01/2014 – 3/22/14)
Vice President for Student Affairs	Dr. Brent Paterson (3/23/14 – Current)
Vice President for University Advancement	Ms. Erin Minne´ (07/01/14 – 9/12/14)
Vice President for University Advancement (Interim)	Mr. Pat Vickerman (09/13/14 – Current)
Comptroller	Mr. Greg Alt
Legal Counsel	Ms. Lisa Huson
Director - Internal Audit	Mr. Robert Blemler

***Board of Trustees (as of June 30, 2014)***

Chair	Hon. Judge Michael McCuskey
Member	Mr. Jay D. Bergman
Member	Ms. Anne Davis
Member	Mr. Bob Churney
Member	Mr. Rocky Donahue
Member	Ms. Betty Kinser
Student Member	Ms. Ellen Schumacher

***Office Locations***

Agency offices are located at:

Hovey Hall  
Campus Box 1100  
Normal, Illinois 61790-1100



**ILLINOIS STATE  
UNIVERSITY**  
*Illinois' first public university*

**Office of the President**  
421 Hovey Hall  
Campus Box 1000  
Normal, IL 61790-1000  
Phone: (309) 438-5677

December 17, 2014

**BKD, LLP**  
Certified Public Accountants  
225 N. Water Street, Suite 400  
Decatur, Illinois 62525-1580

**Ladies and Gentlemen:**

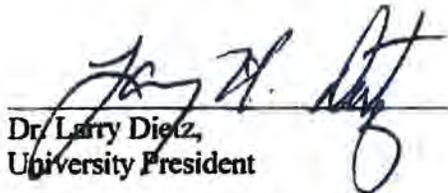
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois State University. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Illinois State University's compliance with the following assertions during the one-year period ended June 30, 2014. Based on this evaluation, we assert that during the year ended June 30, 2014, the Illinois State University has materially complied with the assertions below.

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

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

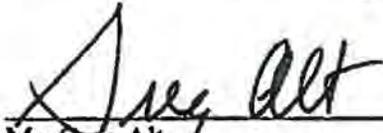
Yours very truly,

Illinois State University



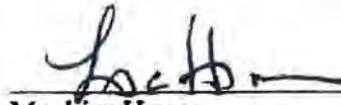
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Dr. Larry Diez,  
University President



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Mr. Greg Alt,  
Vice President for Finance and Planning (Interim)



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Ms. Lisa Huson,  
General Counsel

**State of Illinois**  
**Illinois State University**  
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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 Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a qualified opinion on compliance and identifies a material weakness in internal control over compliance.

**Summary of Findings**

Number of	Current Report	Prior Report
Findings	5	7
Repeated findings	4	4
Prior recommendations implemented or not repeated	3	2

**Summary of Findings and Questioned Costs**

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

The audit did not disclose findings required to be reported by *Government Auditing Standards*.

**Findings and Questioned Costs (Federal Compliance)**

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

**Findings (State Compliance)**

2014-001	18	Noncompliance with the College Student Immunization Act	Material Weakness and Material Noncompliance
2014-002	21	Weaknesses Regarding the Security and Control of Confidential Information	Significant Deficiency and Noncompliance
2014-003	23	Noncompliance with the University Faculty Research and Consulting Act	Significant Deficiency and Noncompliance

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**Compliance Report Summary**  
**June 30, 2014**

**Summary of Findings and Questioned Costs**

<b>Item No.</b>	<b>Page</b>	<b>Description</b>	<b>Finding Type</b>
2014-004	25	Inadequate Controls over Contractual Agreements	Significant Deficiency and Noncompliance
2014-005	27	Noncompliance with State Officials and Employees Ethics Act	Significant Deficiency and Noncompliance

**Prior Findings Not Repeated**

A.	28	Inadequate Control over Reporting Investments
B.	28	Failure to Prepare High School Feedback System Reports
C.	28	Inadequate Controls over Computer Inventory

**State of Illinois**  
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**June 30, 2014**

***Exit Conference***

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on November 19, 2014. Attending were:

Representing Illinois State University

Vice President for Finance and Planning (Interim)	Mr. Greg Alt
Senior Associate Comptroller	Ms. JoEllen Bahnsen
Director - Internal Audit	Mr. Robert Blemler
Accounting Associate	Ms. Erika Jones
Information Security Officer	Mr. Kevin Crouse
Assistant Vice President for Administrative Technologies and CTO	Mr. Matthew Helm

Representing BKD LLP

Director	Ms. Heather M. Powell, CPA
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Representing the Office of the Auditor General

Audit Manager	Mr. Daniel J. Nugent, CPA
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The responses to the recommendations were provided by Ms. JoEllen Bahnsen, Senior Associate Comptroller, in an e-mail dated December 8, 2014.

**Independent Accountant's 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  
Illinois State University

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the Illinois State University's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2014. The management of the Illinois State University is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois State University's compliance based on our examination.

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

- E. Money or negotiable securities or similar assets handled by the Illinois State University on behalf of the State or held in trust by the Illinois State 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 Illinois State University's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Illinois State University's compliance with specified requirements.

As described in item 2014-001 in the accompanying schedule of findings and questioned costs, the Illinois State 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 Illinois State University to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the Illinois State University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2014. However, the results of our procedures disclosed other 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 2014-002 through 2014-005.

### **Internal Control**

Management of the Illinois State University is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Illinois State University's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances 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 the Illinois State University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Illinois State 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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 the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

*A significant deficiency in 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 2014-002 through 2014-005 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 Illinois State University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the Illinois State University's responses and, accordingly, we express no opinion on the responses.

#### Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the Illinois State University as of and for the year ended June 30, 2014, and have issued our report thereon dated December 17, 2014, which contained an unmodified opinion on those financial statements. Our report was modified to include a reference to other auditors, who audited the financial statements of the Illinois State University's discretely presented component unit, as described in our report on the Illinois State University's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Illinois State University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 17, 2014. The accompanying supplementary information for the year ended June 30, 2014, in Schedules 1 through 19, Schedule 28, and Schedule 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Illinois State 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, 2014, in Schedules 1 through 19, Schedule 28, and Schedule 30 has been subjected to the auditing procedures applied by us and the other auditors 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2014, in Schedules 1 through 19, Schedule 28, and Schedule 30, is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Illinois State University's basic financial statements as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated November 5, 2013, which

contained an unmodified opinion on those financial statements. Our report was modified to include a reference to other auditors, who audited the financial statements of the Illinois State University's discretely presented component unit, as described in our report on the Illinois State University's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Illinois State University's basic financial statements. The accompanying supplementary information for the year ended June 30, 2013, in Schedules 1 through 19, Schedule 28, and Schedule 30 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, 2013, financial statements. The accompanying supplementary information for the year ended June 30, 2013, in Schedules 1 through 19, Schedule 28, and Schedule 30 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the June 30, 2013, 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2013, in Schedules 1 through 19, Schedule 28, and Schedule 30 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 for the year ended June 30, 2014, in Schedules 20 through 27, Schedule 29, and the Analysis of Operations Section 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 Illinois State University, the Illinois State 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.

**BKD, LLP**

Decatur, Illinois  
December 17, 2014

**Independent Auditor's 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  
Illinois State University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the 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, the financial statements of the business-type activities of the Illinois State University and its aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Illinois State University's basic financial statements, and have issued our report thereon dated December 17, 2014. Our report includes a reference to other auditors who audited the financial statements of the Illinois State University's discretely presented component unit, as described in our report on the Illinois State 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 Organization is responsible for establishing and maintaining effective internal control on financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the Illinois State University's internal control to determine the audit procedures that are appropriate in the circumstances 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 Illinois State University's internal control. Accordingly, we do not express an opinion on the effectiveness of the Illinois State University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Illinois State University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Illinois State University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BKD, LLP*

Decatur, Illinois  
December 17, 2014

**Independent Auditor's Report on Compliance For Each Major Federal Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Honorable William G. Holland  
Auditor General  
State of Illinois

and

Board of Trustees  
Illinois State University

**Report on Compliance for Each Major Federal Program**

We have audited the Illinois State 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 Illinois State University's major federal programs for the year ended June 30, 2014. The Illinois State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 Illinois State University for financial statement purposes.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Illinois State University's major federal programs based on our audit of the types of compliance requirements referred to above.

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 Illinois State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Illinois State University's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the Illinois State University complied, in all material respects, with the types of 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, 2014.

#### **Report on Internal Control Over Compliance**

Management of the Illinois State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Illinois State University's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Illinois State University's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the business-type activities of the Illinois State University and its aggregate discretely presented component unit, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Illinois State University's basic financial statements. We issued our report thereon dated December 17, 2014, which contained an unmodified opinion on those financial statements. Other auditors audited the financial statements of the Illinois State University's discretely presented component unit, as described in our report on the Illinois State University's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Illinois State University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 17, 2014. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*BKD, LLP*

Decatur, Illinois  
December 17, 2014



**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

7. The University's major programs were:

<b>Cluster/Program</b>	<b>CFDA Number</b>
Student Financial Aid Cluster	84.007
	84.033
	84.038
	84.063
	84.268
	84.379
	64.028
	93.364
94.006	
Improving Teacher Quality State Grants	84.367
Education and Human Resources	47.076
English Language Acquisition State Grants	84.365
Nursing Workforce Diversity	93.178
Advanced Education Nursing Traineeships	93.358

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$404,014.

9. The Auditee qualified as a low-risk auditee as that term is defined in OMB Circular A-133?

Yes

No

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Current Findings – State Compliance**

**2014-001. Finding – Noncompliance with the College Student Immunization Act**

The Illinois State 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 halftime 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 by the Department. The Department's form required the University provide a reconciliation of both new covered students enrolled in their first semester and all covered students.

During the year, the auditors noted the University began implementing new policies to ensure student compliance with the Act and maintained documentation to support its report to the Department of Public Health.

However, the University continued to have erroneous data within its health records. The auditors noted 18 students who were either erroneously reported as immune, reported as not immune who were actually exempt, duplicated in the records, or missing from the dataset.

In response to the auditors' notification to the University of these conditions, Student Health Services performed a review of the students enrolled and attending classes in Fall 2013 who were identified by the University as likely to have been included within the potential population of noncompliant students who should have been precluded from enrolling in classes during Fiscal Year 2014. The University's review indicated the following:

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Current Findings – State Compliance**

**2014-001. Finding – Noncompliance with the College Student Immunization Act (continued)**

- 14 students were enrolled and attending classes when they should have been blocked from registration as required by the Act (110 ILCS 20/4).
- Two students were enrolled and attending classes when they should have been blocked from registration as required by the Act (110 ILCS 20/4) because the student was erroneously classified by the University as not needing to comply with the Act because they had first attended classes at the University prior to 1989.
- Five students were erroneously coded as “on campus” when they were actually “off campus” students.
- The University’s computer system was identifying students as noncompliant when the student was actually either in compliance with the Act or deferred by the University from having to meet the compliance requirement for medical reasons.

The auditors could not determine the sufficiency and reliability of the University’s data and were, therefore, unable to complete testing. Due to this limitation, the auditors were unable to conclude whether the University was in compliance with the Act (110 ILCS 20/4 and 110 ILCS 20/6).

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 provide a listing of susceptible students in the event of an outbreak and 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)).

University officials stated these errors were due to oversight and computer coding problems.

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. 2014-001, 2013-003)

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**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Current Findings – State Compliance**

**2014-001. Finding – Noncompliance with the College Student Immunization Act (continued)**

Recommendation

We recommend the University review, improve, and maintain a system of internal controls to monitor covered student compliance, identify noncompliant students and preclude them from enrolling in subsequent academic terms, and accurately report information to the Department of Public Health.

University Response

The University agrees to review and improve its current system of internal controls for monitoring the immunization data to better ensure accurate recordkeeping and compliance with the Act.

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Current Findings – State Compliance**

**2014-002. Finding - Weaknesses Regarding the Security and Control of Confidential Information**

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

Although the University had established various policies relating to the security of confidential information, the University failed to fully establish and implement procedures for adequately protecting and disposing of confidential information.

During the review, the auditors noted the following weaknesses:

- The University had not performed a comprehensive risk assessment across all units on campus to identify confidential or personal information and its location to assure such information is protected from unauthorized disclosure. In the one campus unit where a comprehensive risk assessment had been performed by the University, the University identified several vulnerabilities within its internal control structure requiring the implementation of appropriate corrective action.
- While the University had established and implemented a uniform process for the wiping and destruction of data and media, the auditors noted the University had not formalized a process for the wiping and destruction of data and media in equipment leased by the University.
- While the University had adopted notification procedures in the event of a breach of security regarding personal information, the procedures did not specifically address the continuing annual reporting requirement to the General Assembly within the Personal Information Protection Act (Act).

The University has several computer systems that contained confidential or personal information such as names, addresses, and social security numbers. The Act (815 ILCS 530) requires that entities identify and protect all nonpublic personal information. The principles of good internal controls require that sensitive data and its location be identified and that only appropriate personnel handle and dispose of this information.

Further, the Act (815 ILCS 530/25) requires the University prepare an annual report to the General Assembly after any reported breach within a given year of corrective measures taken to prevent future breaches.

University officials stated this resulted from the lack of a cohesive Information Technology Governance structure including a common, formal, and disciplined approach for managing information technology.

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Current Findings – State Compliance**

**2014-002. Finding - Weaknesses Regarding the Security and Control of Confidential Information (continued)**

The University has the responsibility to ensure that confidential information is protected from accidental or unauthorized disclosure. Failures to establish and maintain adequate procedures to handle and protect confidential and personally identifiable information could result in identify theft or other unintended use. (Finding Code No. 2014-002, 2013-004, 12-3, 11-4, 10-3, 09-2)

Recommendation

We recommend the University:

- perform a comprehensive risk assessment within all of its units to identify all forms of confidential or personal information, where this information is located, and ensure adequate security controls, including adequate physical and logical access restrictions, have been established to safeguard data and resources;
- implement a comprehensive process for the wiping and destruction of all data and media on leased equipment and ensure it is a requirement for all departments and organizations; and,
- revise the notification procedures to provide reasonable assurance the University complies with the continuing annual reporting requirement of the Personal Information Protection Act in the event of a breach of security.

University Response

The University agrees that all forms of confidential and personal information should be identified and safeguarded with adequate physical and logical controls. This is an ongoing effort that requires the continuous establishment and refinement of policies, procedures, and standards.

The University is conducting an ongoing comprehensive risk assessment related to COBIT standards. The Internal Audit Office facilitated the initial risk assessment of IT and is in the process of conducting IT General Controls Reviews of all IT units on campus, which is being utilized by departmental level staff and the Information Security Office in their risk assessment operations. Additionally, an ISO 27000 and NIST SP800-30 based maturity assessment is being conducted through the Information Security Office.

Additionally, the notification procedures have been updated to ensure compliance with the Personal Information Protection Act in the event the University suffers security breach.

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Current Findings – State Compliance**

**2014-003. Finding - Noncompliance with the University Faculty Research and Consulting Act**

The Illinois State University (University) did not always ensure compliance with the University Faculty Research and Consulting Act and University policies regarding outside employment. During Fiscal Year 2014, faculty members reported 135 instances of outside employment to the University Provost.

During testing, the auditors noted the following:

- 42 of 135 (31%) cases of outside employment had the Request for Approval of Secondary/Outside Employment Form (Form PERS 927) approved by the University's Provost one to 199 days late.
- 36 of 135 (27%) cases of outside employment were not reported by the faculty member to the University for approval prior to filing the Annual Report of Secondary/Outside Employment Form (Form PERS 928) with the University's Provost before the deadline of August 31, 2014.
- 24 of 135 (18%) cases of outside employment did not have the Form PERS 928 submitted by the faculty member to the University's Provost by the deadline of August 31, 2014.

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.

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Current Findings – State Compliance**

**2014-003. Finding - Noncompliance with the University Faculty Research and Consulting Act (continued)**

In accordance with University Policy 3.3.7, all forms of secondary/outside employment by a faculty member require the prior written approval of the faculty member's department chairperson, dean, and the University Provost before the faculty member can accept outside employment. Further, the instructions for Form PERS 928 require faculty members with secondary/outside employment submit the Form PERS 928 "to the Office of the Provost no later than August 31 for the preceding fiscal year."

University officials stated failure to seek timely approval and file reports was due to employee oversight.

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 during the preceding fiscal year on outside research, consulting services, or employment represents noncompliance with the University Faculty and Research and Consulting Act and University Policy 3.3.7. (Finding Code No. 2014-003, 2013-005, 12-5)

Recommendation

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

University Response

The University agrees with the recommendation and will continue its assessment of the faculty research and consulting approval process and implement modifications to ensure more timely approvals and annual disclosures of outside research, consulting, and employment activities.

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Current Findings – State Compliance**

**2014-004. Finding - Inadequate Controls over Contractual Agreements**

The Illinois State University (University) failed to ensure all required contractual certifications were incorporated into the University’s contractual agreements on and after July 18, 2013.

During testing, the auditors noted the following:

- The University’s contracts did not include an appropriation contingency clause.  
  
The Illinois Procurement Code (Code) (30 ILCS 500/20-60(b)) requires all contracts “recite that they are subject to termination and cancellation in any year for which the General Assembly fails to make an appropriation to make payments under the terms of the contract.”
- The University’s contracts did not include an access to and right to audit records clause.  
  
The Code (30 ILCS 500/20-65(b)) requires all contracts and subcontracts include provisions that the contractor or subcontractor will maintain books and records “available for review and audit by the Auditor General, chief procurement officer, internal auditor, and the purchasing agency” and that the contractor or subcontractor will “cooperate fully with any audit.”
- The University’s contracts did not include a statement on whether the services of a subcontractor will be used to fulfill the terms of the contract.  
  
The Code (30 ILCS 500/20-120(a)) requires all contracts “state whether the services of a subcontractor will be used.” In the event a subcontractor is used, the contractor is required to disclose “the names and addresses of all known subcontractors with subcontracts with an annual value of more than \$50,000, the general type of work to be performed by these subcontractors, and the expected amount of money each will receive under the contract.”
- For services involving the procurement of freight, small package delivery, and any transportation of cargo, the University’s contracts did not include a provision requiring the contractor to report on its consumption of energy and generation of greenhouse gas emissions. This bullet point was effective on and after August 14, 2013.

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Current Findings – State Compliance**

**2014-004. Finding - Inadequate Controls over Contractual Agreements (continued)**

The Transportation Sustainability Procurement Program Act (30 ILCS 530/10(b)) requires all contracts for freight, small package delivery, and any transportation of cargo require contractors report “the amount of energy the service provider consumed to provide those services to the State and the amount of associated greenhouse gas emissions, including energy use and greenhouse gases emitted as a result of the provider's use of electricity in its facilities” and “the energy use and greenhouse gas emissions by the service provider's subcontractors in the performance of those services.”

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain internal fiscal and administrative controls to provide assurance obligations are in compliance with applicable law.

University officials stated the University adopted revised certifications received from the Chief Procurement Office for Higher Education on July 18, 2013, and August 28, 2013.

Failures to ensure the University’s contractual agreements include all required elements, certifications, and clauses represents noncompliance with State law. (Finding Code No. 2014-004)

Recommendation

We recommend the University implement procedures to ensure all contractual agreements include all required contractual elements, certifications, and clauses.

University Response

The University agrees to implement procedures to ensure contractual agreements include all required elements, certifications, and clauses.

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Current Findings – State Compliance**

**2014-005. Finding - Noncompliance with the State Officials and Employees Ethics Act**

The Illinois State 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 University Policy 1.12 only requires positive time reporting for non-faculty employees. The faculty do not report actual hours worked and are only required to report benefit usage time (vacation, sick, etc.) used to the nearest tenth hour.

The Act requires the Board of Higher Education (Board), 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 Board adopted personnel policies for public universities on February 3, 2004, in accordance with the Act. The University has not fully incorporated these policies into the University’s policies.

University officials stated the University continues to work with the faculty to bring the University into compliance with the Act.

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. 2014-005, 2013-007, 12-6, 11-5, 10-2, 09-1, 08-1, 07-1, 06-2, 05-4)

Recommendation

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

University Response

The University agrees with the recommendation to comply with the Act and will continue to work towards a feasible solution to incorporate compliance of the remaining faculty group.

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**Year Ended June 30, 2014**

**Prior Findings Not Repeated**

**A. Finding - Inadequate Control over Reporting Investments**

During the prior engagement, the Illinois State University (University) did not exercise adequate internal control over the financial reporting of investments. (Finding Code No. 2013-001)

Status: Implemented

During the current engagement, the auditors' sample testing did not disclose any instances of incorrect valuations of investments for financial reporting.

**B. Finding - Failure to Prepare High School Feedback System Reports**

During the prior engagement, the Illinois State University (University) did not prepare High School Feedback System reports to high schools within the State. (Finding Code No. 2013-006)

Status: Implemented

During the current engagement, Public Act 098-0742 repealed the requirement to provide high school feedback reports on the academic success of high school students enrolled at the University.

**C. Finding - Inadequate Controls over Computer Inventory**

During the prior engagement, the Illinois State University (University) did not have sufficient internal control over its computer inventories. (Finding Code No. 2013-002, 12-2)

Status: Implemented

During the current engagement, the University adopted and implemented procedures to identify and analyze lost or stolen computer equipment to assess whether a risk exists that confidential or sensitive information was exposed. Further, the University encrypted certain sensitive servers, Student Services laptops, and equipment processing credit card transactions.

**State of Illinois**  
**Illinois State University**  
**Supplementary Information for State Compliance Purposes**  
**June 30, 2014 and 2013**

**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
    - Analysis of Significant Variations in Appropriated Expenditures
    - 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
    - Local Funds
      - Statement of Net Position
      - Statement of Revenues, Expenses, and Changes in Net Position
    - Service Departments
      - Statement of Net Position
      - Statement of Revenues, Expenses, and Changes in Net Position
    - Auxiliary Facilities
      - Statement of Net Position
      - Statement of Revenues, Expenses, and Changes in Net Position
  - Calculation Sheets for Current Excess Funds (Unaudited)
    - Local Funds (Unaudited)
      - Continuing Education and Public Services (Unaudited)
      - Sales and Services of Educational Activities (Unaudited)
      - Student Programs and Services (Unaudited)
      - Field Trips and Foreign Study (Unaudited)
    - Service Departments (Unaudited)
    - Auxiliary Facilities (Unaudited)
      - Student Housing (Unaudited)
      - Student Activities (Unaudited)
      - Parking Services (Unaudited)

**State of Illinois**  
**Illinois State University**  
**Supplementary Information for State Compliance Purposes**  
**June 30, 2014 and 2013**

**Summary**

Summary (continued)

- Fiscal Schedules and Analysis (continued)
  - 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 Foundation Transactions with the University (Unaudited)
    - Undergraduate Tuition and Fee Waivers (Unaudited)
    - Graduate Tuition and Fee Waivers (Unaudited)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that Schedules 1 through 19, Schedule 28, and Schedule 30 states have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditor's opinion, it is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived. The accountants' report also states the Analysis of Operations Section, Schedules 20 through 27, and Schedule 29 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.

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>	<b>Passed- Through to Subrecipients</b>
<b>STUDENT FINANCIAL AID CLUSTER</b>				
<b>U.S. Department of Education</b>				
Federal Supplemental Educational Opportunity Grants (M)	84.007		\$ 534,666.00	\$ -
Federal Work-Study Program (M)	84.033		866,460.52	-
Federal Perkins Loan Program Federal Capital Contributions (M)	84.038		-	-
Federal Pell Grant Program (M)	84.063		19,869,862.07	-
Federal Direct Student Loans (M)	84.268		114,407,498.00	-
Teacher Education Assistance for College & Higher Education Grants (TEACH Grants) (M)	84.379		<u>341,485.48</u>	-
<i>Total U.S. Department of Education Student Financial Aid Cluster</i>			<u>136,019,972.07</u>	<u>-</u>
<b>U.S. Department of Veterans Affairs</b>				
Post-9/11 Veterans Educational Assistance (M)	64.028		<u>1,106,931.32</u>	-
<i>Total U.S. Department of Veterans Educational Affairs Student Financial Aid Cluster</i>			<u>1,106,931.32</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
Nursing Student Loans (M)	93.364		-	-
<i>Total U.S. Department of Health and Human Services Student Financial Aid Cluster</i>			-	-
<b>Corporation for National and Community Service</b>				
AmeriCorps (M)	94.006		<u>57,564.03</u>	-
<i>Total U.S. Department for National and Community Service Student Financial Aid Cluster</i>			<u>57,564.03</u>	-
<b>TOTAL STUDENT FINANCIAL AID CLUSTER</b>			<u><b>137,184,467.42</b></u>	<u><b>-</b></u>
<b>RESEARCH &amp; DEVELOPMENT CLUSTER</b>				
<b>U.S. Department of Agriculture</b>				
Sustainable Agriculture Research & Education (Passed through University of Minnesota)	10.215	H002484826	3,268.40	-
Agriculture and Food Research Initiative (AFRI) (Passed through Purdue University)	10.310	8000041384-AG	<u>49,186.42</u>	-
<i>Total U.S. Department of Agriculture R&amp;D</i>			<u>52,454.82</u>	<u>-</u>
<b>U.S. Department of Defense</b>				
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		69,561.69	-
Basic, Applied, & Advanced Research in Science & Engineering (Passed through University of Texas, San Antonio)	12.630	2604307061	25,734.10	-
Mathematical Sciences Grants Program	12.901		<u>19,756.00</u>	-
<i>Total U.S. Department of Defense R&amp;D</i>			<u>115,051.79</u>	<u>-</u>
<b>U.S. Geological Survey</b>				
USGS Sample Grant	NONE	40016541	<u>13,241.75</u>	-
<i>Total U.S. Geological Survey R&amp;D</i>			<u>13,241.75</u>	<u>-</u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014

Schedule 1

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>	<b>Passed- Through to Subrecipients</b>
<b>U.S. Department of Justice</b>				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		169,430.39	-
Edward Byrne Memorial Competitive Grant Program (Passed through Georgia Southern University) <i>Total U.S. Department of Justice R&amp;D</i>	16.751	10362	4,320.00	-
			<u>173,750.39</u>	<u>-</u>
<b>U.S. Department of Labor</b>				
Employment Service/Wagner-Peyser Funded Activities (Passed through Illinois Department of Employment Security) <i>Total U.S. Department of Labor R&amp;D</i>	17.207	11C32	388,929.03	49,923.70
			<u>388,929.03</u>	<u>49,923.70</u>
<b>National Aeronautics and Space Administration</b>				
Science	43.001		41,689.45	
Science (Passed through University of Pennsylvania) <i>Total National Aeronautics and Space Administration R&amp;D</i>	43.001		531.36	-
	Total R&D 43.001		<u>42,220.81</u>	<u>-</u>
			<u>42,220.81</u>	<u>-</u>
<b>National Science Foundation</b>				
Engineering Grants (Passed through University of Georgia)	47.041	RR185-434/4893066	24,185.46	-
Mathematical and Physical Sciences	47.049		789,864.57	-
Computer and Information Science and Engineering	47.070		122,757.68	-
Biological Sciences	47.074		265,102.20	3,921.96
Biological Sciences (Passed through Iowa State University) <i>Total R&amp;D 47.074</i>	47.074	420-40-77A	-	-
	Total R&D 47.074		<u>265,102.20</u>	<u>3,921.96</u>
Social, Behavioral, and Economic Sciences	47.075		3,634.55	-
Education and Human Resources	47.076		650,314.13	202,241.74
Education and Human Resources (Passed through University of Nebraska) <i>Total National Science Foundation R&amp;D</i>	47.076	25-0536-0023-003	200.51	-
	Total R&D 47.076		<u>650,514.64</u>	<u>202,241.74</u>
			<u>1,856,059.10</u>	<u>206,163.70</u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014

Schedule 1

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>	<b>Passed- Through to Subrecipients</b>
<b>U.S. Department of Energy</b>				
Office of Science Financial Assistance Program (Passed through University of Wisconsin-Madison)	81.049	455K851	180,632.04	-
Renewable Energy Research and Development	81.087		58,320.76	-
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance <i>Total U.S. Department of Energy R&amp;D</i>	81.117		317,600.73	-
			556,553.53	-
<b>U.S. Department of Education</b>				
Career and Technical Education -- Basic Grants to States (Passed through Illinois State Board of Education)	84.048	4720-00	241,806.86	-
Research in Special Education (Passed through Queens College)	84.324	46374-B	100,882.83	-
School Leadership	84.363		294,006.10	160,616.43
Mathematics & Science Partnerships (Passed through Illinois State Board of Education)	84.366	4936	595,771.73	-
Mathematics & Science Partnerships (Passed through Monroe/Randolph ROE #45)	84.366	iBio	10,337.15	-
		<i>Total 84.366 R&amp;D</i>	606,108.88	-
Improving Teacher Quality State Grants (Passed through Illinois State Board of Education) (M)	84.367	4932	10,010.00	-
Race to the Top (Passed through Illinois State Board of Education) <i>Total U.S. Department of Education R&amp;D</i>	84.413	MY13419	498.13	-
			1,253,312.80	160,616.43
<b>U.S. Department of Health and Human Services</b>				
Environmental Health	93.113		1,526.42	-
Drug Abuse & Addiction Research Programs (Passed through Case Western Reserve University)	93.279	RES508161	85,969.81	-
Discovery and Applied Research for Technological Innovations to Improve Human Health (Passed through Case Western Reserve University)	93.286	1R03EB014539-01	29,696.99	-
Cancer Cause and Prevention Research	93.393		56,990.57	-
Trans-NIH Recovery Act Research Support	93.701		43,397.68	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		74,717.45	-
Allergy, Immunology and Transplantation Research	93.855		246,020.66	-
Biomedical Research and Research Training	93.859		161,138.81	-
Child Health and Human Development Extramural Research <i>Total U.S. Department of Health and Human Services R&amp;D</i>	93.865		116,972.31	-
			816,430.70	-
<b>TOTAL RESEARCH &amp; DEVELOPMENT CLUSTER</b>			<b>5,268,004.72</b>	<b>416,703.83</b>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>OTHER PROGRAMS</b>				
<b>U.S. Department of Agriculture</b>				
National School Lunch Program (Passed through Illinois State Board of Education)	10.555	4400	22,225.88	-
Child & Adult Care Food Program (Passed through Illinois State Board of Education)	10.558	4400	5,092.22	-
Environmental Quality Incentives Program	10.912		4,167.14	-
<i>Total U.S. Department of Agriculture Non-R&amp;D</i>			<u>31,485.24</u>	<u>-</u>
<b>U.S. Department of Commerce</b>				
Broadband Technology Opportunities Program (BTOP) (Passed through Illinois Department of Central Management Services)	11.557	NT110BIX5570108	555,990.87	-
Manufacturing Extension Partnership (Passed through Illinois Manufacturing Extension Center)	11.611	IMEC	132,098.66	-
<i>Total U.S. Department of Commerce Non-R&amp;D</i>			<u>688,089.53</u>	<u>-</u>
<b>U.S. Department of Defense</b>				
Mathematical Sciences Grant Program	12.901		2,100.00	-
Information Security Grant Program	12.902		699.72	-
<i>Total U.S. Department of Defense R&amp;D</i>			<u>2,799.72</u>	<u>-</u>
<b>U.S. Department of Justice</b>				
Public Safety Partnership & Community Policing Grants	16.710		39,111.76	39,111.76
<i>Total U.S. Department of Justice Non-R&amp;D</i>			<u>39,111.76</u>	<u>39,111.76</u>
<b>National Endowment for the Humanities</b>				
Promotion of the Humanities_Federal/State Partnership (Passed through Illinois Humanities Council)	45.129	5036	5,000.00	-
Promotion of the Humanities_Public Programs	45.164		1,891.00	-
<i>Total National Endowment for the Humanities Non-R&amp;D</i>			<u>6,891.00</u>	<u>-</u>
<b>National Science Foundation</b>				
Education & Human Resources (M)	47.076		424,868.66	26,918.02
Education & Human Resources (Passed through Chicago State University) (M)	47.076	53725	28,629.99	-
<i>Total National Science Foundation Non-R&amp;D</i>		Total 47.076	<u>453,498.65</u>	<u>26,918.02</u>
			<u>453,498.65</u>	<u>26,918.02</u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014

Schedule 1

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>	<b>Passed- Through to Subrecipients</b>
<b>U.S. Small Business Administration</b>				
Small Business Development Center	59.000		42,721.30	-
Small Business Development Centers (Passed through Illinois Department of Commerce and Economic Opportunity)	59.037	13-181106, 14-561106	<u>59,738.57</u>	-
<i>Total U.S. Small Business Administration Non-R&amp;D</i>			<u>102,459.87</u>	-
<b>U.S. Environmental Protection Agency</b>				
Performance Partnership Grants (Passed through Illinois Environmental Protection Agency)	66.605	FW-11303	13,356.76	-
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements (Passed through Kansas State University)	66.814	S09042.07	<u>3,797.65</u>	-
<i>Total U.S. Environmental Protection Agency Non-R&amp;D</i>			<u>17,154.41</u>	-
<b>U.S. Department of Energy</b>				
State Energy Program (Passed through Illinois Department of Commerce and Economic Opportunity)	81.041	08-431006,13-432002	<u>115,689.88</u>	-
<i>Total U.S. Department of Energy Non-R&amp;D</i>			<u>115,689.88</u>	-
<b>U.S. Department of Education</b>				
Special Education_Grants to States (Passed through Southern Illinois University)	84.027	763944 PO# 102452	11,149.35	-
TRIO_Student Support Services	84.042		232,842.60	-
Career and Technical Education -- Basic Grants to States (Passed through Illinois Community College Board)	84.048	CTEL 14001	390,000.00	12,919.72
Career and Technical Education -- Basic Grants to States (Passed through Illinois State Board of Education)	84.048	4720	<u>(0.04)</u>	-
	Total 84.048		389,999.96	12,919.72
Special Education - State Personnel Development (Passed through Illinois State Board of Education)	84.323	G Cates	150,728.00	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		357,840.34	-
Teacher Quality Partnership Grants	84.336		1,487,267.58	332,711.47
Transition to Teaching	84.350		326,417.67	-
English Language Acquisition State Grants (M)	84.365		657,193.31	-
Mathematics & Science Partnerships (Passed through Illinois State Board of Education)	84.366	4936	34,946.47	-
Mathematics & Science Partnerships (Passed through Olympia High School CUSD #16)	84.366	1251400005	7,788.73	-
Mathematics & Science Partnerships (Passed through Bureau, Henry, Stark Regional Office of Education)	84.366	J Moore 4936-40	<u>22,071.75</u>	-
	Total 84.366		64,806.95	-

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014

Schedule 1

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>	<b>Passed- Through to Subrecipients</b>
Improving Teacher Quality State Grants (Passed through Illinois Board of Higher Education) (M)	84.367	CCSS, ESEA	164,151.94	52,991.58
Improving Teacher Quality State Grants (Passed through Illinois Community College Board) (M)	84.367	13 ISU CA	45,304.59	-
Improving Teacher Quality State Grants (Passed through National Writing Project) (M)	84.367	92-IL03-SEED2012	12,209.99	-
Improving Teacher Quality State Grants (Passed through Illinois State Board of Education) (M)	84.367	MY11721,MY13625,4935	<u>1,419,806.73</u>	<u>-</u>
	Total 84.367		<u>1,641,473.25</u>	<u>52,991.58</u>
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants (Passed through Illinois Board of Higher Education)	84.395	PARCC	13,047.61	-
Investing in Innovation (i3) Fund (Passed through University of Minnesota)	84.411	A002619807	58,334.71	-
Race to the Top - Early Learning Challenge (Passed through Illinois Board of Higher Education)	84.412	2014-4999-00 CENTER	23,097.39	3,250.00
Race to the Top (Passed through Illinois Community College Board)	84.413	14 RTTT ISU	<u>33,874.99</u>	<u>-</u>
	<i>Total U.S. Department of Education Non-R&amp;D</i>		<u><i>5,448,073.71</i></u>	<u><i>401,872.77</i></u>
<b>U.S. Institute of Peace</b>				
Public Education for Peacebuilding Awards Program	91.004		<u>2,000.00</u>	<u>-</u>
	Total U.S. Department of Health and Human Services Non-R&D		<u><i>2,000.00</i></u>	<u><i>-</i></u>
<b>U.S. Department of Health and Human Services</b>				
Nursing Workforce Diversity (M)	93.178		419,578.53	-
Advanced Education Nursing Traineeships (M)	93.358		343,860.00	-
National Center for Research Resources	93.389		-	-
Area Health Education Centers Infrastructure Development Awards (Passed through University of Illinois at Chicago)	93.824	0413, U76HP20207-03-0	4,244.08	-
Specially Selected Health Projects	93.888		-	-
	Total U.S. Department of Health and Human Services Non-R&D		<u><i>767,682.61</i></u>	<u><i>-</i></u>
<b>Corporation for National and Community Service</b>				
AmeriCorps (Passed through Jumpstart)	94.006	750200	9,499.46	-
AmeriCorps (Passed through Western Illinois University)	94.006	FCSRE01222	<u>26,203.41</u>	<u>-</u>
	Total Corporation for National and Community Service Non-R&D		<u><i>35,702.87</i></u>	<u><i>-</i></u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>	<b>Passed- Through to Subrecipients</b>
<b>Library of Congress</b>				
Teaching with Primary Sources	NONE		208,606.29	-
Teaching with Primary Sources Regional Center Pilot	NONE		123,682.04	46,266.98
Joint TPS Grant for North Carolina State University (Passed through Waynesburg University)	NONE	Waynesburg	8,616.21	8,616.21
Joint TPS Grant for North Carolina State University (Passed through Metropolitan State University of Denver)	NONE	14823OM	4,984.28	4,984.28
<i>Total Library of Congress Non-R&amp;D</i>			<u>345,888.82</u>	<u>59,867.47</u>
<b>Corporation for Public Broadcasting</b>				
Community Service Grant	NONE		142,608.78	-
<i>Total Corporation for Public Broadcasting Non-R&amp;D</i>			<u>142,608.78</u>	<u>-</u>
<b>TOTAL OTHER PROGRAMS NON-R&amp;D</b>			<u><b>8,199,136.85</b></u>	<u><b>527,770.02</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>150,651,608.99</b></u>	<u><b>944,473.85</b></u>

(M) - Program was audited as a major program

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity for the year ended June 30, 2014, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements due to specific reporting requirements prescribed by OMB Circular A-133.

**NOTE 2 - LOANS OUTSTANDING**

The University had the following loan balances outstanding at June 30, 2014. These loan balances outstanding are also included in the federal expenditures presented in this schedule.

	<b><u>Outstanding Balance at June 30, 2014</u></b>
Nursing Student Loans	\$ 451,850
Perkins Loan Program	<u>9,116,619</u>
<b>Total loans outstanding</b>	<b><u>\$ 9,568,469</u></b>

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

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

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

Direct Student Loans Program	\$ 82,452,865
Direct Parent Loan for Undergraduate Students Program (PLUS)	<u>31,954,633</u>
<b>Total</b>	<b><u>\$114,407,498</u></b>

There were no administrative costs charged to the loan program.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014**

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

During the audit period, the University received \$13,313 of food commodities provided by the United States Department of Agriculture, and distributed through the Food Distribution Program that is administered by the Illinois State Board of Education.

**NOTE 5 - INSURANCE - NONCASH EXPENDITURES OF FEDERAL AWARDS**

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,  
AND LAPSED BALANCES  
APPROPRIATIONS FOR FISCAL YEAR 2014**

**For the Fourteen Months Ended August 31, 2014**

	Appropriations (Net After Transfers)	Expenditures, Twelve Months Ended June 30, 2014	Lapse Period Expenditures, Two Months Ended August 31, 2014	Total Expenditures, Fourteen Months Ended August 31, 2014	Balances Lapsed, August 31, 2014
<b>EDUCATION ASSISTANCE FUND– 0007 (P.A. 98-0035)</b>					
Personal Services	\$74,089,200	\$74,049,190	\$ 40,010	\$74,089,200	\$ -
<b>Total</b>	<u>\$74,089,200</u>	<u>\$74,049,190</u>	<u>\$ 40,010</u>	<u>\$74,089,200</u>	<u>\$ -</u>
<b>GRAND TOTAL – ALL FUNDS</b>	<u>\$74,089,200</u>	<u>\$74,049,190</u>	<u>\$ 40,010</u>	<u>\$74,089,200</u>	<u>\$ -</u>

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

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES  
For the Years Ended June 30, 2014 and 2013**

	<b>2014 98-0035</b>	<b>2013 97-0729</b>
<b>EDUCATION ASSISTANCE FUND– 0007</b>		
Appropriations (net of transfers)	\$ 74,089,200	\$ 74,082,400
Expenditures		
Personal services	74,089,200	74,082,400
Total expenditures	74,089,200	74,082,400
Lapsed balances	\$ -	\$ -
<b>GRANT TOTAL, ALL FUNDS</b>		
Appropriations (net of transfers)	\$ 74,089,200	\$ 74,082,400
Expenditures	74,089,200	74,082,400
Lapsed balances	\$ -	\$ -

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

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN APPROPRIATED EXPENDITURES  
For the Year Ended June 30, 2014**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS  
2014 AND 2013**

There were no significant variations in expenditures between Fiscal Year 2014 and 2013.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SIGNIFICANT LAPSE PERIOD EXPENDITURES  
For the Year Ended June 30, 2014**

There were no significant expenditures incurred during the lapse period.

**STATE OF ILLINOIS**  
**ILLINOIS STATE UNIVERSITY**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES**  
**UNIVERSITY INCOME FUND**  
**Years Ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>		
Registration fees	\$ 155,626,239	\$ 150,060,501
Registration – extension	639,026	888,730
Enrollment deposit fee forfeitures	10,800	13,250
Tuition and fees waived	9,053,900	8,087,800
Library fines	11,808	11,803
Instructional support fee	831,580	635,542
Investment income	1,108,735	1,075,438
Net increase in fair market value of investments	289,872	(806,707)
Payments on behalf of University	1,453,205	1,726,723
Gifts and donations	-	139,576
Other	456,944	690,970
	<u>\$ 169,482,109</u>	<u>\$ 162,523,626</u>
<b>EXPENSES</b>		
Personal services	\$ 80,089,053	\$ 76,933,927
SURS retirement	125,974	15,657
Medicare	2,414,641	2,349,274
Contractual services	29,733,608	31,260,555
Travel	1,685,591	1,624,840
Commodities	2,600,581	2,779,933
Equipment and library books	9,051,479	8,303,245
Telecommunications services	2,423,366	3,380,982
Operation of automotive equipment	664,180	645,256
Tuition and fees waived	9,053,900	8,087,800
Awards, grants, and matching funds	13,882,451	10,932,579
Permanent improvements	4,640,961	4,065,581
	<u>156,365,785</u>	<u>150,379,629</u>
Subtotal		
GASB No. 35 Adjustments:		
Depreciation	14,104,850	13,762,900
Equipment additions/disposals	(5,901,106)	(7,546,177)
	<u>\$ 164,569,529</u>	<u>\$ 156,596,352</u>

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF CHANGES IN CAPITAL ASSETS  
For the Year Ended June 30, 2014**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$ 14,489,419	\$ 774,356	\$ -	\$ 15,263,775
Land Improvements	35,276,456	-	(263,256)	35,013,200
Infrastructure	12,682,559	464,424	-	13,146,983
Buildings	549,388,411	28,902,933	(12,107,057)	566,184,287
Equipment	93,324,809	4,365,829	(2,454,945)	95,235,693
Library materials	86,473,187	4,025,656	-	90,498,843
Construction in progress	<u>38,604,399</u>	<u>14,637,964</u>	<u>(41,411,688)</u>	<u>11,830,675</u>
Subtotal	<u>830,239,240</u>	<u>53,171,162</u>	<u>(56,236,946)</u>	<u>827,173,456</u>
Less accumulated depreciation for:				
Land Improvements	12,589,734	1,027,865	(173,310)	13,444,289
Infrastructure	7,001,886	295,023	-	7,296,909
Buildings	215,743,903	13,055,224	(11,609,474)	217,189,653
Equipment	70,403,700	6,465,445	(2,175,029)	74,694,116
Library materials	<u>67,656,021</u>	<u>3,685,462</u>	<u>-</u>	<u>71,341,483</u>
Total accumulated depreciation	<u>373,395,244</u>	<u>24,529,019</u>	<u>(13,957,813)</u>	<u>383,966,450</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 456,843,996</u>			<u>\$ 443,207,006</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF CASH AND  
CASH EQUIVALENTS  
June 30, 2014 and 2013**

Significant details of cash and cash equivalents as of June 30, 2014 and 2013 are presented below for all funds of the University:

	<u>2014</u>		<u>2013</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
<b>CASH ON HAND – VAULT AND CHANGE FUNDS</b>	\$ 230,146	Non-interest bearing	\$ 220,706	Non-interest bearing
<b>BANK MONEY MARKET FUNDS</b>				
Commerce Bank	32,180,896	N/A	15,585,734	N/A
Illinois Funds @ U.S. Bank	7,413,467	0-.019%	32,067,081	0-.03%
Bank of New York	6	0%	9,208,393	0-.01%
U.S. Bank	<u>7,497,268</u>	0-.01%	<u>4,517,688</u>	0-.02%
Total bank money market funds	<u>47,091,637</u>		<u>61,378,896</u>	
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 47,321,783</u>		<u>\$61,599,602</u>	
 Cash and cash equivalent balances are presented in the balance sheets at June 30, 2014 and 2013 as follows:				
Cash and cash equivalents	\$ 39,824,515		\$ 47,873,949	
Restricted cash and cash equivalents	<u>7,497,268</u>		<u>13,725,653</u>	
<b>TOTAL CASH AND CASH EQUIVALENT BALANCES</b>	<u>\$ 47,321,783</u>		<u>\$ 61,599,602</u>	

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF INVESTMENTS  
June 30, 2014 and 2013**

	<u>2014</u>		<u>2013</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
U.S. Treasury and Agency Obligations and Agency notes	<u>\$198,430,929</u>	.75-5.625%	<u>\$ 136,132,460</u>	.75-5.625%
<b>TOTAL INVESTMENTS</b>	<u>\$198,430,929</u>		<u>\$136,132,460</u>	

Investments are presented in the balance sheets at June 30, 2014 and 2013 as follows:

Current:		
Investments	\$20,362,000	\$ 17,189,770
Restricted investments	11,947,435	-
Noncurrent:		
Investments	163,975,141	118,942,690
Restricted investments	<u>2,146,353</u>	<u>-</u>
<b>TOTAL INVESTMENTS</b>	<u>\$198,430,929</u>	<u>\$136,132,460</u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUE AND EXPENSE ACCOUNTS  
June 30, 2014 and 2013

Schedule 10

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>OPERATING REVENUES</b>				
Student tuition and fees, net	\$ 180,469,279	\$ 174,093,810	\$ 6,375,469	3.66%
Federal grants and contracts	12,192,971	20,083,062	(7,890,091)	-39.29% (A)
State and local grants and contracts	2,683,647	3,655,741	(972,094)	-26.59%
Nongovernmental grants and contracts	2,344,371	3,230,104	(885,733)	-27.42%
Sales and services of educational activities	2,866,153	2,752,015	114,138	4.15%
Auxiliary facilities	83,179,349	81,205,250	1,974,099	2.43%
Other operating revenues	22,746,648	25,164,465	(2,417,817)	-9.61%
<b>OPERATING EXPENSES</b>				
Educational and General:				
Instruction	113,309,443	116,826,820	(3,517,377)	-3.01%
Research	14,766,746	14,516,214	250,532	1.73%
Public service	14,210,276	14,695,460	(485,184)	-3.30%
Academic support	19,942,550	15,150,598	4,791,952	31.63% (B)
Student services	38,757,524	38,376,694	380,830	0.99%
Institutional support	35,453,411	37,207,027	(1,753,616)	-4.71%
Operation and maintenance of plant	48,728,240	33,549,702	15,178,538	45.24% (C)
Depreciation	24,529,019	23,247,668	1,281,351	5.51%
Staff benefits	1,756,425	2,265,327	(508,902)	-22.46%
Student aid	47,116,143	42,340,787	4,775,356	11.28%
Payments on behalf of the University	127,236,673	130,780,750	(3,544,077)	-2.71%
Auxiliary facilities:				
Student housing, activity facilities, and parking	56,645,114	53,263,130	3,381,984	6.35%
Other operating expenditures	1,819,435	2,236,549	(417,114)	-18.65%
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	74,089,200	74,082,400	6,800	0.01%
Payments on behalf of the University - State	127,236,673	130,780,750	(3,544,077)	-2.71%
Payments on behalf of the University - Foundation	1,453,205	1,726,723	(273,518)	-15.84%
Laboratory Schools	8,618,042	8,581,839	36,203	0.42%
Gifts and donations	152,182	478,067	(325,885)	-68.17%
Investment income, net of investment expenses	2,904,840	(239,477)	3,144,317	-1312.99% (D)
Interest expense	(5,890,064)	(5,013,434)	(876,630)	17.49%
Other nonoperating revenues	37,055,165	35,520,127	1,535,038	4.32%
Capital appropriations				
Capital appropriations	890,862	1,058,267	(167,405)	-15.82%
Capital grants and gifts	1,350,420	1,466,442	(116,022)	-7.91%

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUE AND EXPENSE ACCOUNTS  
June 30, 2014 and 2013

Schedule 10

All variances greater than \$1,500,000 and more than 15% from Fiscal Year 2013 are discussed below.  
Refer to the Analysis of Significant Variations in Revenue and Expense Accounts on page 49 for the actual dollar changes.

**Explanations of significant variances:**

- (A) Federal grants and contracts - This decrease is due to the expiration of the Central Illinois Regional Broadband Network (CIRBN) grant.
- (B) Academic support - This change is due to a reclassification of salaries for the department chairs. Prior to Fiscal Year 2014, the salaries were accounted for under instruction.
- (C) Operation and maintenance of plant - This increase is due to the transfer out of CIRBN assets to the CIRBN, LLC.
- (D) Investment income, net of investment expenses - The increase is due to favorable fair market values as of June 30, 2014.

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSET AND LIABILITY ACCOUNTS  
June 30, 2014 and 2013

Schedule 11

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 39,824,515	\$ 47,873,949	\$ (8,049,434)	-16.81% (A)
Restricted cash and cash equivalents	7,497,268	13,725,653	(6,228,385)	-45.38% (B)
Investments	20,362,000	17,189,770	3,172,230	18.45% (C)
Investments Restricted	11,947,435	-	11,947,435	100.00% (D)
Accrued interest receivable	476,846	623,238	(146,392)	-23.49%
Accrued interest receivable restricted	2,684	-	2,684	100.00%
Accounts receivable, net	14,123,882	13,538,610	585,272	4.32%
Student loans receivable, net	1,038,170	1,117,374	(79,204)	-7.09%
Appropriations receivable from State	18,260,048	22,218,746	(3,958,698)	-17.82% (E)
Inventories	2,764,499	2,721,334	43,165	1.59%
Prepaid expenses, deposits and other	2,574,519	1,741,494	833,025	47.83%
Noncurrent Assets:				
Investments	163,975,141	118,942,690	45,032,451	37.86% (F)
Investments Restricted	2,146,353	-	2,146,353	100.00% (C)
Student loans receivable, net	7,577,764	7,719,064	(141,300)	-1.83%
Debt issuance costs	561,460	579,239	(17,779)	-3.07%
Capital assets not depreciated	27,094,450	53,093,818	(25,999,368)	-48.97% (G)
Capital assets, net of depreciation	416,112,556	403,750,178	12,362,378	3.06%
Other noncurrent assets	900,000	1,200,000	(300,000)	-25.00%
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	20,151,199	23,349,998	(3,198,799)	-13.70%
Obligations under capital leases	494,561	481,664	12,897	2.68%
Assets held in custody for others and deposits	8,093,065	6,954,625	1,138,440	16.37%
Unearned revenue	10,239,788	7,154,939	3,084,849	43.11% (H)
Certificates of participation	2,558,545	1,553,238	1,005,307	64.72%
Revenue bonds payable	6,908,055	2,688,574	4,219,481	156.94% (I)
Accrued compensated absences	2,022,159	1,880,264	141,895	7.55%
Noncurrent Liabilities:				
Assets held in custody for others and deposits	19,090	23,033	(3,943)	-17.12%
Certificates of participation	53,517,563	31,267,532	22,250,031	71.16% (J)
Revenue bonds payable	91,076,578	97,386,844	(6,310,266)	-6.48%
Accrued compensated absences	14,096,647	14,809,488	(712,841)	-4.81%
Obligations under capital leases	507,804	1,002,365	(494,561)	-49.34%

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSET AND LIABILITY ACCOUNTS  
June 30, 2014 and 2013

Schedule 11

All variances greater than \$1,500,000 and more than 15% from Fiscal Year 2013 are discussed below. Refer to the Analysis of Significant Variations in Asset and Liability Accounts on page 51 for the actual dollar changes.

Explanations of significant variances:

- (A) Cash and cash equivalents - The decrease is a result of moving funds from cash to investments in order to increase interest income.
- (B) Restricted cash and cash equivalents - The decrease is a result of the funds from the 2011 and 2012 debt financings being expended on the projects.
- (C) Investments - The increase is attributable to moving funds from cash to investments in order to increase interest income. Additionally, there were more funds available to invest as a result of the University's planning for major capital projects that will commence in 2015.
- (D) Investments Restricted - The proceeds from the 2014 Certificates of Participation were invested in a mix of short-term and long-term securities until expended for information technology improvements and high priority facilities improvement projects.
- (E) Appropriations receivable from State - The decrease is a result of the State paying more timely.
- (F) Investments - The increase is attributable to moving funds from cash to investments in order to increase interest income. Additionally, there were more funds available to invest as a result of the University's planning for major capital projects that will commence in 2015.
- (G) Capital assets not depreciated - The decrease is a result of the completion of Hancock Stadium and the transfer of the Central Illinois Regional Broadband Network (CIRBN) assets to CIRBN, LLC.
- (H) Unearned Revenue - The increase is a result of the timing of receipts for various State and private grants.
- (I) Revenue bonds payable - This increase is due to the early redemption of the University's Series 2003 Bonds in 2013, which temporarily reduced the current portion of bonds payable.
- (J) Certificates of Participation - The increase is a result of the \$25 million in 2014 Certificates of Participation that were borrowed in May 2014 for information technology improvements and high priority facilities improvement projects.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF ACCOUNTS RECEIVABLE  
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
<b>ACCOUNTS RECEIVABLE</b>			
Current funds:			
Local funds (less allowance for doubtful accounts of \$1,208,755 and \$1,198,798 at June 30, 2014 and 2013, respectively)	\$ 5,026,790	\$ 4,736,422	\$ 290,368
Auxiliary facilities system (less allowance for doubtful accounts of \$891,826 and \$869,822 at June 30, 2014 and 2013, respectively)	3,898,280	1,669,606	2,228,674
Restricted funds	4,752,447	6,728,766	(1,976,319)
Payroll and clearing accounts	<u>50,640</u>	<u>27,067</u>	<u>23,573</u>
Total current funds	13,728,157	13,161,861	566,296
Agency funds	378,028	365,289	12,739
Loan funds	<u>17,696</u>	<u>11,460</u>	<u>6,236</u>
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<u>\$14,123,881</u>	<u>\$13,538,610</u>	<u>\$ 585,271</u>

**NOTES RECEIVABLE**

## Loan funds:

Student loans receivable (less allowance for doubtful loans of \$984,784 and \$954,784 at June 30, 2014 and 2013, respectively)	<u>\$ 8,615,934</u>	<u>\$ 8,836,438</u>	<u>\$ (220,504)</u>
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**AGED ANALYSIS OF ACCOUNTS RECEIVABLE  
AND UNCOLLECTIBLE ACCOUNTS**

The University did not have an aged analysis of accounts receivable; however, accounts receivable other than tuition, room and board, and fees receivable are generally less than 180 days old and considered to be collectible. An allowance for doubtful accounts of \$1,097,523 and \$1,079,250 at June 30, 2014 and 2013, respectively, has been established for tuition receivable deemed uncollectible. An allowance for doubtful accounts of \$766,448 and \$743,219 at June 30, 2014 and 2013, respectively, has been established for room and board receivable deemed uncollectible. An additional allowance for doubtful accounts of \$236,609 and \$246,150 at June 30, 2014 and 2013, respectively, has been established for fees receivable deemed uncollectible.

Notes receivable are presented in the balance sheets at June 30, 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
Current	\$ 1,038,170	\$ 1,117,374
Noncurrent	<u>7,577,764</u>	<u>7,719,064</u>
	<u>\$ 8,615,934</u>	<u>\$ 8,836,438</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES  
Year Ended June 30, 2014**

A listing of the University's Auxiliary Facilities, Activities, Accounting Entities, their purposes, and their sources of revenue for the year ended June 30, 2014, are provided below.

### **Indirect Cost Support**

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

### **Current Unrestricted Local Funds**

#### Continuing Education and Public Services

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

#### Sales and Services of Educational Activities

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

#### Student Programs and Services – University

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

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

#### Student Programs and Services – Laboratory Schools

These programs are supported by student activity fees, gate receipts from athletic events, and participation fees for clubs and camps.

#### Field Trips and Foreign Study

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

#### Income Fund

The income fund is supported by tuition, registration fees, academic support fees, library fines, and other miscellaneous income.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES  
Year Ended June 30, 2014**

**Service Departments**

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

**Auxiliary Facilities**Student Housing

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

Student Activities

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

Parking Services

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

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET POSITION - LOCAL FUNDS  
YEAR ENDED JUNE 30, 2014

	Indirect Cost Support	Continuing Education & Public Service	Sales & Service of Educational Activities	Student Programs & Services - University	Student Programs & Services - Laboratory Schools	Field Trip & Foreign Study Activities	Income Fund	Local Funds Total
<b>ASSETS</b>								
Current Assets:								
Cash and cash equivalents	\$ -	\$ -	\$ 1,367,204	\$ 6,774,603	\$ 354,237	\$ 1,215,157	\$ 883,380	\$ 10,594,581
Cash and cash equivalents - restricted	-	-	-	-	-	-	7,497,268	7,497,268
Investments - Restricted	-	-	-	-	-	-	11,947,435	11,947,435
Accrued interest receivable	5,837	6,249	-	-	-	-	199,227	211,313
Accrued interest receivable - Restricted	-	-	-	-	-	-	2,684	2,684
Accounts receivable, net	-	258,709	33,863	896,217	-	-	3,643,101	4,831,890
Appropriations receivable from State	-	-	-	-	-	-	18,260,048	18,260,048
Inventories	-	250,774	50,957	116,193	-	-	335,282	753,206
Prepaid expenses and deposits	66,929	113,496	5,485	102,118	2,398	31,219	1,932,669	2,254,314
Unearned charges and obligations	-	-	-	-	-	-	25,585	25,585
<b>Total current assets</b>	<b>72,766</b>	<b>629,228</b>	<b>1,457,509</b>	<b>7,889,131</b>	<b>356,635</b>	<b>1,246,376</b>	<b>44,726,679</b>	<b>56,378,324</b>
Noncurrent Assets:								
Investments	2,177,984	2,331,575	-	-	-	-	74,335,999	78,845,558
Restricted Investments	-	-	-	-	-	-	2,146,353	2,146,353
Bond issuance costs	-	-	-	-	-	-	252,809	252,809
Capital assets, net	672,020	771,436	4,699,400	2,600,752	9,361	5,892	215,427,433	224,186,294
Other noncurrent assets	-	-	-	-	-	-	900,000	900,000
<b>Total noncurrent assets</b>	<b>2,850,004</b>	<b>3,103,011</b>	<b>4,699,400</b>	<b>2,600,752</b>	<b>9,361</b>	<b>5,892</b>	<b>293,062,594</b>	<b>306,331,014</b>
<b>Total assets</b>	<b>2,922,770</b>	<b>3,732,239</b>	<b>6,156,909</b>	<b>10,489,883</b>	<b>365,996</b>	<b>1,252,268</b>	<b>337,789,273</b>	<b>362,709,338</b>
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts payable and accrued liabilities	42,352	416,368	105,116	607,726	34,784	186,549	6,833,022	8,225,917
Obligations payable	-	-	-	-	-	-	6,339	6,339
Obligations under capital leases	-	-	-	-	-	-	494,561	494,561
Assets held in custody for others and deposits	-	65,770	-	173,045	-	-	-	238,815
Unearned revenue	-	620,347	560	770,123	-	347,180	3,999,662	5,737,872
Accrued compensated absences	307	13,977	2,037	97,309	160	-	1,552,541	1,666,331
Certificates of Participation	-	-	-	-	-	-	2,558,545	2,558,545
<b>Total current liabilities</b>	<b>42,659</b>	<b>1,116,462</b>	<b>107,713</b>	<b>1,648,203</b>	<b>34,944</b>	<b>533,729</b>	<b>15,444,670</b>	<b>18,928,380</b>
Noncurrent Liabilities:								
Accrued compensated absences	3,090	140,845	20,530	980,603	1,610	-	10,727,215	11,873,893
Certificates of participation	-	-	-	-	-	-	53,517,563	53,517,563
Obligations under capital leases	-	-	-	-	-	-	507,804	507,804
<b>Total noncurrent liabilities</b>	<b>3,090</b>	<b>140,845</b>	<b>20,530</b>	<b>980,603</b>	<b>1,610</b>	<b>-</b>	<b>64,752,582</b>	<b>65,899,260</b>
<b>Total liabilities</b>	<b>45,749</b>	<b>1,257,307</b>	<b>128,243</b>	<b>2,628,806</b>	<b>36,554</b>	<b>533,729</b>	<b>80,197,252</b>	<b>84,827,640</b>
<b>NET POSITION</b>								
Net investment in capital assets	672,020	771,436	4,699,400	2,600,752	9,361	5,892	166,848,593	175,607,454
Unrestricted	2,205,001	1,703,496	1,329,266	5,260,325	320,081	712,647	90,743,428	102,274,244
<b>Total net position</b>	<b>\$ 2,877,021</b>	<b>\$ 2,474,932</b>	<b>\$ 6,028,666</b>	<b>\$ 7,861,077</b>	<b>\$ 329,442</b>	<b>\$ 718,539</b>	<b>\$ 257,592,021</b>	<b>\$ 277,881,698</b>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - LOCAL FUNDS  
YEAR ENDED JUNE 30, 2014

Schedule 15

	Indirect Cost Support	Continuing Education & Public Service	Sales & Service Of Educational Activities	Student Programs & Services - University	Student Programs & Services - Laboratory Schools	Field Trip & Foreign Study Activities	Income Fund	Local Funds Total
<b>OPERATING REVENUES</b>								
Student tuition and fees, net	\$ -	\$ -	\$ -	\$ 27,988,556	\$ -	\$ 1,747,384	\$ 150,733,339	\$ 180,469,279
Sales and services of educational activities	-	-	2,860,008	-	6,145	-	-	2,866,153
Other operating revenues	1,799,363	8,251,235	-	9,605,255	200,327	465,301	308,802	20,630,283
Total operating revenues	<u>1,799,363</u>	<u>8,251,235</u>	<u>2,860,008</u>	<u>37,593,811</u>	<u>206,472</u>	<u>2,212,685</u>	<u>151,042,141</u>	<u>203,965,715</u>
<b>OPERATING EXPENSES</b>								
Educational and General								
Instruction	-	250,581	1,820,240	483,623	-	2,174,022	60,544,126	65,272,592
Research	567,511	500	141,425	-	735,419	-	642,103	2,086,958
Public service	-	6,196,553	386,545	2,012	-	-	725,177	7,310,287
Academic support	72,815	6,011	140,312	-	-	-	10,799,513	11,018,651
Student services	-	246,846	61,753	32,128,671	-	-	3,512,543	35,949,813
Institutional support	324,307	101,970	-	-	-	-	22,694,581	23,120,858
Operation and maintenance of plant	393,375	96,583	8,335	262,920	-	-	28,200,136	28,961,349
Depreciation	182,395	25,285	237,131	205,317	4,800	1,071	14,104,850	14,760,849
Staff benefits	14,432	30,593	13,879	269,653	736	(7,370)	(370,728)	(48,805)
Student aid	2,010	14,607	300	2,593,740	-	64,870	22,882,285	25,557,812
Other operating expenditures	-	1,819,435	-	-	-	-	-	1,819,435
Total operating expenses	<u>1,556,845</u>	<u>8,788,964</u>	<u>2,809,920</u>	<u>35,945,936</u>	<u>740,955</u>	<u>2,232,593</u>	<u>163,734,586</u>	<u>215,809,799</u>
Operating income (loss)	<u>242,518</u>	<u>(537,729)</u>	<u>50,088</u>	<u>1,647,875</u>	<u>(534,483)</u>	<u>(19,908)</u>	<u>(12,692,445)</u>	<u>(11,844,084)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Payments on behalf of the University - Foundation	-	-	-	-	-	-	1,453,205	1,453,205
Laboratory Schools	-	-	-	-	616,310	-	-	616,310
Gifts and donations	-	238	-	1,060	-	-	150,884	152,182
Investment income, net of investment expenses	14,803	20,176	3,976	57,213	606	-	1,398,608	1,495,382
Interest expense	-	-	-	-	-	-	(1,645,092)	(1,645,092)
Other nonoperating revenues	-	117,256	4,390	1,052,425	454	-	15,601,158	16,775,683
Net nonoperating revenues (expenses)	<u>14,803</u>	<u>137,670</u>	<u>8,366</u>	<u>1,110,698</u>	<u>617,370</u>	<u>-</u>	<u>16,958,763</u>	<u>18,847,670</u>
Income (Loss) before capital items	<u>257,321</u>	<u>(400,059)</u>	<u>58,454</u>	<u>2,758,573</u>	<u>82,887</u>	<u>(19,908)</u>	<u>4,266,318</u>	<u>7,003,586</u>
Capital appropriations	-	-	-	-	-	-	890,862	890,862
Capital grants and gifts	-	-	-	-	-	-	92,037	92,037
Total capital items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>982,899</u>	<u>982,899</u>
Increase (decrease) in net position	<u>257,321</u>	<u>(400,059)</u>	<u>58,454</u>	<u>2,758,573</u>	<u>82,887</u>	<u>(19,908)</u>	<u>5,249,217</u>	<u>7,986,485</u>
<b>NET POSITION</b>								
Net position - beginning of year	2,619,700	2,874,991	5,970,212	5,102,504	246,555	738,447	252,919,936	270,472,345
Cumulative effect of change in accounting principle	-	-	-	-	-	-	(577,132)	(577,132)
Net position - beginning of year, as restated	<u>2,619,700</u>	<u>2,874,991</u>	<u>5,970,212</u>	<u>5,102,504</u>	<u>246,555</u>	<u>738,447</u>	<u>252,342,804</u>	<u>269,895,213</u>
Net position - end of year	<u>\$ 2,877,021</u>	<u>\$ 2,474,932</u>	<u>\$ 6,028,666</u>	<u>\$ 7,861,077</u>	<u>\$ 329,442</u>	<u>\$ 718,539</u>	<u>\$ 257,592,021</u>	<u>\$ 277,881,698</u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET POSITION - SERVICE DEPARTMENTS  
YEAR ENDED JUNE 30, 2014

Schedule 16

	<u>Service Departments</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 9,306,275
Accounts receivable, net	50,640
Inventories	1,754,037
Prepaid expenses and deposits	<u>191,319</u>
Total current assets	<u>11,302,271</u>
Noncurrent Assets:	
Capital assets, net	<u>2,230,638</u>
Total assets	<u>13,532,909</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	1,030,242
Unearned revenue	88,789
Accrued compensated absences	<u>137,947</u>
Total current liabilities	<u>1,256,978</u>
Noncurrent Liabilities:	
Accrued compensated absences	<u>786,480</u>
Total liabilities	<u>2,043,458</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,230,638
Unrestricted	<u>9,258,813</u>
Total net position	<u>\$ 11,489,451</u>

ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
SERVICE DEPARTMENTS  
YEAR ENDED JUNE 30, 2014

Schedule 17

	<u>Service Departments</u>
<b>OPERATING REVENUES</b>	
Other operating revenues	\$ <u>18,189,549</u>
Total operating revenues	<u>18,189,549</u>
<b>OPERATING EXPENSES</b>	
Educational and General:	
Instruction	288,117
Institutional support	8,330,860
Operation and maintenance of plant	8,655,221
Depreciation	867,612
Staff benefits	<u>(131,259)</u>
Total operating expenses	<u>18,010,551</u>
Operating income	<u>178,998</u>
<b>NONOPERATING REVENUES</b>	
Investment income, net of investment expenses	595,005
Other nonoperating revenues	<u>9,901</u>
Increase in net position	<u>783,904</u>
<b>NET POSITION</b>	
Net position - beginning of year	<u>10,705,547</u>
Net position - end of year	\$ <u><u>11,489,451</u></u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET POSITION - AUXILIARY FACILITIES  
YEAR ENDED JUNE 30, 2014

Schedule 18

	<u>Housing</u>	<u>Student Activities</u>	<u>Parking</u>	<u>Auxiliary Facilities Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,890,865	\$ 196,628	\$ 1,082,915	\$ 3,170,408
Cash and cash equivalents - restricted	-	-	-	-
Investments	19,225,697	1,136,303	-	20,362,000
Accrued interest receivable	236,363	25,358	3,812	265,533
Accounts receivable, net	3,380,265	458,135	59,880	3,898,280
Inventories	196,909	60,347	-	257,256
Prepaid expenses and deposits	12,633	13,509	3,079	29,221
Unearned charges and obligations	7,648	18,273	1,387	27,308
<b>Total current assets</b>	<u>24,950,380</u>	<u>1,908,553</u>	<u>1,151,073</u>	<u>28,010,006</u>
Noncurrent Assets:				
Investments	75,024,149	8,683,265	1,422,169	85,129,583
Bond issuance costs	43,720	255,907	9,024	308,651
Capital assets, net	95,047,894	96,543,712	23,260,731	214,852,337
<b>Total noncurrent assets</b>	<u>170,115,763</u>	<u>105,482,884</u>	<u>24,691,924</u>	<u>300,290,571</u>
<b>Total assets</b>	<u>195,066,143</u>	<u>107,391,437</u>	<u>25,842,997</u>	<u>328,300,577</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	3,330,370	1,198,510	133,663	4,662,543
Assets held in custody for others and deposits	1,557,312	76,606	-	1,633,918
Unearned revenue	155,592	426,192	192,345	774,129
Accrued compensated absences	118,292	35,155	6,023	159,470
Revenue bonds payable	546,536	5,503,721	857,798	6,908,055
<b>Total current liabilities</b>	<u>5,708,102</u>	<u>7,240,184</u>	<u>1,189,829</u>	<u>14,138,115</u>
Noncurrent Liabilities:				
Assets held in custody for others and deposits	19,090	-	-	19,090
Accrued compensated absences	923,191	274,359	46,995	1,244,545
Revenue bonds payable	30,410,701	54,068,391	6,597,486	91,076,578
<b>Total noncurrent liabilities</b>	<u>31,352,982</u>	<u>54,342,750</u>	<u>6,644,481</u>	<u>92,340,213</u>
<b>Total liabilities</b>	<u>37,061,084</u>	<u>61,582,934</u>	<u>7,834,310</u>	<u>106,478,328</u>
<b>NET POSITION</b>				
Net investment in capital assets	64,090,657	36,971,600	15,805,447	116,867,704
Unrestricted	93,914,402	8,836,903	2,203,240	104,954,545
<b>Total net position</b>	<u>\$ 158,005,059</u>	<u>\$ 45,808,503</u>	<u>\$ 18,008,687</u>	<u>\$ 221,822,249</u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - AUXILIARY FACILITIES  
YEAR ENDED JUNE 30, 2014

Schedule 19

	<b>Housing</b>	<b>Activities</b>	<b>Parking</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Auxiliary enterprises				
Auxiliary facilities	\$ 61,523,293	\$ 18,349,358	\$ 3,306,698	\$ 83,179,349
Total operating revenues	61,523,293	18,349,358	3,306,698	83,179,349
<b>OPERATING EXPENSES</b>				
Educational and General				
Depreciation	3,684,875	3,894,954	655,334	8,235,163
Auxiliary facilities:				
Student housing, activity facilities, and parking	42,353,917	12,605,530	1,685,667	56,645,114
Total operating expenses	46,038,792	16,500,484	2,341,001	64,880,277
Operating income	15,484,501	1,848,874	965,697	18,299,072
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income, net of investment expenses	712,526	70,870	16,121	799,517
Interest expense	(101,458)	(4,033,219)	(110,295)	(4,244,972)
Other nonoperating income	203,446	25,933	7,751	237,130
Net nonoperating income/(expenses)	814,514	(3,936,416)	(86,423)	(3,208,325)
Income/(loss) before capital items	16,299,015	(2,087,542)	879,274	15,090,747
Capital grants and gifts	-	720,250	-	720,250
Total capital items	-	720,250	-	720,250
Increase/(decrease) in net position	16,299,015	(1,367,292)	879,274	15,810,997
<b>NET POSITION</b>				
Net position - beginning of year	141,808,800	48,065,669	17,153,660	207,028,129
Cumulative effect of change in accounting principle	(102,756)	(889,874)	(24,247)	(1,016,877)
Net position - beginning of year, as restated	141,706,044	47,175,795	17,129,413	206,011,252
Net position - end of year	\$ 158,005,059	\$ 45,808,503	\$ 18,008,687	\$ 221,822,249

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 CURRENT UNRESTRICTED LOCAL FUNDS  
 CONTINUING EDUCATION AND PUBLIC SERVICES  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2014  
 (Unaudited)

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	2,321,977
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 2,321,977

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,329,824
Encumbrances and current liabilities paid in lapse period .....	416,368
Deferred income .....	620,347
Refundable deposits .....	65,771
Allowance for Restoring Inventory to Normal Level .....	-
Allowance for Sick Leave/Vacation Payouts .....	154,821
Working Capital Allowance .....	B. 2,587,131

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	C. (265,154)
--	--------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (141,710)
--	--------------

Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	(406,864)
--	-----------

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 CURRENT UNRESTRICTED LOCAL FUNDS  
 SALES AND SERVICES OF EDUCATIONAL ACTIVITIES  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2014  
 (Unaudited)

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	1,367,204
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 1,367,204</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	316,053
Encumbrances and current liabilities paid in lapse period .....	104,936
Deferred income .....	560
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	12,614
Allowance for Sick Leave/Vacation Payouts .....	22,567
Working Capital Allowance .....	<b>B. 456,730</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. 910,474</b>
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current fund within the entity. Enter the amount to be offset, if any here .....	<b>D. (792,534)</b>
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Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any for deposit in the Income Fund	<b>117,940</b>
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**STATE OF ILLINOIS**  
**ILLINOIS STATE UNIVERSITY**  
**CURRENT UNRESTRICTED LOCAL FUNDS**  
**STUDENT PROGRAMS AND SERVICES**  
**CALCULATION SHEET FOR CURRENT EXCESS FUNDS**  
**June 30, 2014**  
**(Unaudited)**

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	7,128,841
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	-
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 7,128,841</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	4,460,924
Encumbrances and current liabilities paid in lapse period .....	642,485
Deferred income .....	770,123
Refundable deposits .....	173,045
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	1,079,682
Working Capital Allowance .....	<b>B. 7,126,259</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. 2,582</b>
--	-----------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (451,189)</b>
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Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	<b>(448,607)</b>
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STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 CURRENT UNRESTRICTED LOCAL FUNDS  
 FIELD TRIPS AND FOREIGN STUDY  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2014  
 (Unaudited)

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	1,215,156
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 1,215,156

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	421,144
Encumbrances and current liabilities paid in lapse period .....	186,549
Deferred income .....	347,180
Refundable deposits .....	
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	
Working Capital Allowance .....	B. 954,873

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	C. 260,283
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (2,142)
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Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	258,141
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STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 SERVICE DEPARTMENTS  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2014  
 (Unaudited)

**1. Current Available Funds**

Add:

Cash .....	300,241
Cash Equivalents .....	
Bank Deposits .....	8,747,243
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 9,047,484

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	2,107,313
Encumbrances and current liabilities paid in lapse period .....	1,213,120
Deferred income .....	88,789
Refundable deposits .....	
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	924,427
Working Capital Allowance .....	B. 4,333,649

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	C. 4,713,835
--	--------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (4,807,116)
--	----------------

Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	(93,281)
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STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 AUXILIARY FACILITIES - REVENUE BONDS  
 STUDENT HOUSING  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2014  
 (Unaudited)

**1. Current Available Funds**

Add:

Cash .....	2,359,445
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	19,225,697
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 21,585,142</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	5,739,379
Encumbrances and current liabilities paid in lapse period .....	1,093,894
Deferred income .....	155,592
Refundable deposits .....	1,576,402
Allowance for Restoring Inventory to Normal Level .....	37,206
Allowance for Sick Leave/Vacation Payouts .....	1,041,484
Working Capital Allowance .....	<b>B. 9,643,957</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. 11,941,185</b>
--	----------------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (13,286,478)</b>
Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	<b>(1,345,293)</b>

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 AUXILIARY FACILITIES - REVENUE BONDS  
 STUDENT ACTIVITIES  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2014  
 (Unaudited)

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	399,900
Marketable Securities .....	1,136,303
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 1,536,203

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,813,563
Encumbrances and current liabilities paid in lapse period .....	475,872
Deferred income .....	426,191
Refundable deposits .....	76,606
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	309,514
Working Capital Allowance .....	B. 3,101,746

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	C. (1,565,543)
--	----------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (9,704,118)
--	----------------

Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	(11,269,661)
--	--------------

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 AUXILIARY FACILITIES - REVENUE BONDS  
 PARKING SERVICES  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2014  
 (Unaudited)

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	740,822
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 740,822</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	325,104
Encumbrances and current liabilities paid in lapse period .....	47,734
Deferred income .....	192,345
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	-
Allowance for Sick Leave/Vacation Payouts .....	53,017
Working Capital Allowance .....	<b>B. 618,200</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. 122,622</b>
--	-------------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (2,207,292)</b>
--	-----------------------

Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	<b>(2,084,670)</b>
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**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF SOURCES AND APPLICATIONS  
INDIRECT COST REIMBURSEMENTS  
Year Ended June 30, 2014**

Balance, July 1, 2013	<u>\$ 2,619,700</u>
Sources:	
Private Gifts, Grants and Contracts	373,194
United States Government Grants and Contracts	1,153,743
State of Illinois and Local Grants and Contracts	272,426
Other Administrative Allowances	-
Investment income (loss)	<u>14,803</u>
Total Additions	<u>1,814,166</u>
Applications:	
Educational and general:	
Instruction	-
Research	567,511
Public Service	-
Academic Support	72,815
Student Services	-
Institutional Support	324,307
Operation and Maintenance of Plant	393,375
Depreciation	182,395
Staff Benefits	14,432
Student Aid	<u>2,010</u>
Total deductions	<u>1,556,845</u>
Increase in net assets	<u>257,321</u>
Balance at June 30, 2014	<u><u>\$ 2,877,021</u></u>

Note: Above information is prepared on an accrual basis.

Indirect cost reimbursements are expended, pursuant to allocations of funds within the University's budget as adopted by the Board of Trustees, to pay for the costs of grants and contracts operations and to pay for overhead expenses of the University. Indirect cost reimbursements are expended in a manner consistent with the formula under which such reimbursements are determined.

Based on the requirements of the *University Guidelines*, patents and royalties do not meet the definition of indirect cost reimbursements and are excluded from this calculation as well as the indirect cost carryforward.

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 CALCULATION SHEET FOR INDIRECT COST CARRYFORWARD  
 June 30, 2014  
 (Unaudited)

**1. Cash and Equivalents Balance**

Add:

Cash .....	-	
Cash Equivalents .....		
Bank Deposits .....		
Marketable Securities .....	2,169,018	
Certificates of Deposit .....		
Repurchase Agreements .....		
Other cash equivalent items .....		
Interfund receivables .....		2,169,018

**2. Allocated Reimbursements**

Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed: \$4,943,765; enter 30% of this amount .....	1,483,129
---	-----------

**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 .....	179,936
---	---------

**4. Encumbrances and Current Liabilities Paid in the Lapse Period**

Enter the amount of:

Current Liabilities .....	45,748
Encumbrances .....	-
Total .....	45,748

**5. Indirect Cost Carry-forward**

a. Enter the total of items 2, 3 and 4 .....	1,708,813
b. Subtract from item 1 .....	460,205
If a positive number results, enter here and remit for deposit in the Income Fund.	460,205

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULES OF FEDERAL EXPENDITURES, NON-FEDERAL EXPENSES, AND NEW LOANS  
Year Ended June 30, 2014**

**Schedule A – Federal Financial Component**

Total Federal expenditures reported on SEFA schedule	\$150,651,609
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)	<u>13,313</u>
Total Schedule A	<u>\$150,664,922</u>

**Schedule B – Total Financial Component**

Total operating expenses (from financial statements)	\$544,270,999
Total non-operating expenses (from financial statements)	5,890,064
Total new loans made	114,407,498
Amount of Federal loan balances	9,568,469
Other noncash Federal award expenditures	<u>13,313</u>
Total Schedule B	<u>\$674,150,343</u>

**Schedule C**

		<u>Percent</u>	
Total Schedule A	\$150,664,922	22.35	%
Total Non-Federal Expenses	<u>523,485,421</u>	<u>77.65</u>	%
Total Schedule B	<u>\$674,150,343</u>	<u>100.00</u>	%

\* Loan amounts are included on SEFA schedule

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FUNCTIONS AND PLANNING PROGRAM  
June 30, 2014**

(Unaudited)

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

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

The *Academic Plan* submitted during our audit period is for fiscal years 2014-2019 and can be found at [http://provost.illinoisstate.edu/downloads/academic\\_plan/AP1419FinalRev.pdf](http://provost.illinoisstate.edu/downloads/academic_plan/AP1419FinalRev.pdf). It includes: (1) an identification of institutional priorities; (2) the University's strategic plan, *Educating Illinois 2013-2018: Individualized Attention, Shared Aspirations*; and, (3) specific curricular initiatives set forth by those responsible for academic planning within the University.

The *Academic Plan* also includes academic unit (college) objectives for Fiscal Year 2015 and program reviews for the departments in the University being reviewed in the most recent review cycle. Program reviews contain recommendations for enhancing the programs being examined as well as plans for monitoring progress toward the fulfillment of these recommendations. During Fiscal Year 2014, program reviews were completed on the following programs: B.S. in Computer Science, B.S., M.S. in Information Systems, B.S. in Network and Telecommunications Management, B.A. in French, B.A. in German, B.A. in Spanish, M.A. in Languages, Literature, and Cultures. The following Research and Service Centers were also reviewed: Center for Adoption Studies and the Center for Insurance and Financial Services (Katie School).

Compilation of the University's *Academic Plan* is coordinated through the Office of the Associate Provost, whose functions also ensure cohesion between the *Academic Plan* and the University's strategic plan: *Educating Illinois 2013-2018: Individualized Attention, Shared Aspirations*.

- *Educating Illinois* is the University's multi-year strategic plan. It has articulated five core values (pursuit of learning and scholarship, individualized attention, diversity, integrity, and civic engagement) that support 4 goals and 19 corresponding action items addressed by the campus community. University progress is summarized on the accomplishments section of the *Educating Illinois* Website, [www.educatingillinois.illinoisstate.edu](http://www.educatingillinois.illinoisstate.edu).

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FUNCTIONS AND PLANNING PROGRAM  
June 30, 2014**

(Unaudited)

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

- *Resource Allocation and Management Program (RAMP) for Operations and Grants Resource Requirements* is a five-year plan that includes a comparison to the preceding two fiscal years. Among the data included are a summary of operations costs by function and source of funds, summary of staff requirements and earnings, projected enrollments, and tuition and fees. Detailed information by various departments and programs is included.
- *Resource Allocation and Management Program (RAMP) Capital Requirements Plan* is also a five-year planning program that includes a summary of capital requirements by budget category. These requirements are detailed as to building or components of buildings, as well as other capital projects, planned for the University.
- *Master Plan: 2010-2030 Looking to the Future* defines the future physical development of facilities, grounds, technology, and infrastructure. This plan is the basis for those recommendations in *Resource Allocation and Management Program (RAMP) Capital Requirements Plan*.
- Additionally, the Facilities Condition Assessment provides quantitative information on the condition of physical structures and current and projected maintenance needs. The results from this assessment are used to inform the Master Plan and Capital RAMP.

Location of Agency: Normal, Illinois  
Agency Head: Dr. Larry Dietz, President

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT)  
Years Ended June 30, 2014 and 2013**

(Unaudited)\*

	<b><u>Instructional Activities</u></b>	<b><u>Organized Research</u></b>	<b><u>Public Service</u></b>
<b>YEAR ENDED JUNE 30, 2014</b>			
Appropriated funds:			
Faculty/administrative	1,249.70	15.50	25.20
Civil service	235.50	8.80	11.70
Student employees	80.00	3.00	2.00
Miscellaneous contracts	<u>16.50</u>	<u>.20</u>	<u>.30</u>
	<u>1,581.70</u>	<u>27.50</u>	<u>39.20</u>
Non-appropriated funds:			
Faculty/administrative	65.50	94.10	54.50
Civil service	16.60	30.60	27.60
Student employees	18.00	31.00	18.10
Miscellaneous contracts	<u>8.40</u>	<u>21.00</u>	<u>10.00</u>
	<u>108.50</u>	<u>176.70</u>	<u>110.20</u>
<b>TOTAL ALL FUNDS</b>	<b><u>1,690.20</u></b>	<b><u>204.20</u></b>	<b><u>149.40</u></b>
<b>YEAR ENDED JUNE 30, 2013</b>			
Appropriated funds:			
Faculty/administrative	1,236.20	19.60	30.30
Civil service	210.10	8.00	10.20
Student employees	86.00	.60	.50
Miscellaneous contracts	<u>17.20</u>	<u>.10</u>	<u>.40</u>
	<u>1,549.50</u>	<u>28.30</u>	<u>41.40</u>
Non-appropriated funds:			
Faculty/administrative	63.70	117.30	113.70
Civil service	54.10	25.50	42.70
Student employees	15.90	21.10	17.80
Miscellaneous contracts	<u>3.50</u>	<u>3.00</u>	<u>2.90</u>
	<u>137.20</u>	<u>166.90</u>	<u>177.10</u>
<b>TOTAL ALL FUNDS</b>	<b><u>1,686.70</u></b>	<b><u>195.20</u></b>	<b><u>218.50</u></b>

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

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

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT) continued  
Years Ended June 30, 2014 and 2013**

(Unaudited)\*

<b><u>Academic Support</u></b>	<b><u>Student Services</u></b>	<b><u>Institutional Support</u></b>	<b><u>Operation and Maintenance Physical Plant</u></b>	<b><u>Independent Operations</u></b>	<b><u>Total All Functions</u></b>
66.40	61.50	71.20	12.70	-	1,502.20
23.00	30.90	181.40	189.50	-	680.80
49.00	10.00	35.70	8.50	-	188.20
1.50	2.50	6.80	37.30	-	65.10
<u>139.90</u>	<u>104.90</u>	<u>295.10</u>	<u>248.00</u>	<u>-</u>	<u>2,436.30</u>
5.50	177.80	0.50	0.20	48.80	446.90
1.00	83.90	2.20	131.20	181.60	474.70
-	95.00	-	-	180.30	342.40
<u>0.80</u>	<u>28.10</u>	<u>6.50</u>	<u>7.00</u>	<u>101.00</u>	<u>182.80</u>
<u>7.30</u>	<u>384.80</u>	<u>9.20</u>	<u>138.40</u>	<u>511.70</u>	<u>1,446.80</u>
<u>147.20</u>	<u>489.70</u>	<u>304.30</u>	<u>386.40</u>	<u>511.70</u>	<u>3,883.10</u>
57.80	63.90	73.80	12.20	-	1,493.80
75.20	28.20	179.80	184.20	-	695.70
18.30	6.10	28.50	-	-	140.00
1.60	2.50	6.70	40.10	-	68.60
<u>152.90</u>	<u>100.70</u>	<u>288.80</u>	<u>236.50</u>	<u>-</u>	<u>2,398.10</u>
7.00	156.80	3.40	1.50	52.80	516.20
0.70	85.20	2.20	124.70	187.10	522.20
-	86.50	-	-	271.90	413.20
<u>1.00</u>	<u>-</u>	<u>-</u>	<u>7.20</u>	<u>4.20</u>	<u>21.80</u>
<u>8.70</u>	<u>328.50</u>	<u>5.60</u>	<u>133.40</u>	<u>516.00</u>	<u>1,473.40</u>
<u>161.60</u>	<u>429.20</u>	<u>294.40</u>	<u>369.90</u>	<u>516.00</u>	<u>3,871.50</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANNUAL COST STATISTICS  
June 30, 2014 and 2013**

(Unaudited)

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

	<u><b>2014</b></u>	<u><b>2013</b></u>
Total education and general expenses/expenditures from current appropriated funds	\$ 74,089,200*	\$ 74,082,400*
Expenses/expenditures from locally held University Income Fund	<u>156,365,785</u>	<u>150,379,629</u>
Total expenses from current appropriated and locally held funds	230,454,985	224,462,029
Full-time equivalent students	÷ <u>18,297</u>	÷ <u>18,675</u>
 <b>COST PER FULL-TIME EQUIVALENT STUDENT</b>	 <u>\$ 12,595</u>	 <u>\$ 12,019</u>

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMERGENCY PURCHASES  
For the Year Ended June 30, 2014**

(Unaudited)

In Fiscal Year 2014, the University had no emergency purchases.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
BOOKSTORE INFORMATION  
For the Year Ended June 30, 2014**

(Unaudited)

The University has a contractual arrangement for bookstore operations on campus. The University's contract is for the period July 1, 2013, through June 30, 2018. The contract with the bookstore requires commissions to be paid to the University based on the following terms:

1. 11.0% of gross sales up to \$2,000,000; plus
2. 12.0% of gross sales from \$2,000,000 to \$2,500,000; plus
3. 14.0% of gross sales over \$2,500,000

Bookstore gross sales and University commissions were as follows:

<u>Fiscal Year</u>	<u>Bookstore sales</u>	<u>Commission</u>
2014	\$ 2,447,690	\$ 300,000
2013	\$ 2,358,557	\$ 212,270
2012	\$ 2,516,986	\$ 226,529

The University received a signing amount of \$75,000 and a guaranteed commission of \$300,000 in the first year of the new contract.

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2014**

(Unaudited)

**Agency:** Illinois State University (636)

**Major Function:** Higher Education

Total Appropriated and Income Fund Budget as Approved by ISU Board of Trustees	\$ 386,797,000
Faculty FTE (Full Time Equivalent) - Fall 2013	1,040.6
Lab School FTE – Fall 2013	91.1
Admin/Professional FTE – Fall 2013	718.4
Civil Service FTE – Fall 2013	1,439.2
Fall 2013 Enrollment	20,272
FY2014 Degrees	5,092

**State of Illinois**  
**Illinois State University**  
**Compliance Examination**  
**Special Data Requirements for University Audits**  
**For the Year Ended June 30, 2014**  
**(Unaudited)**

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the University’s financial audit and compliance examination reports for the year ended June 30, 2014, where such special data is found.

**Compliance Findings**

- 13(a) There were no violations of the compliance requirements of the University Guidelines identified during the financial audit and compliance examination of the Illinois State University for the year ended June 30, 2014.

**Indirect Cost Reimbursements**

- 13(b) A statement of the sources and application of indirect cost recoveries is presented on Schedule 28 within this report at page 69.
- 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 29 within this report at page 70.

**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 Illinois State University for the year ended June 30, 2014.

**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 13 within this report at pages 53 – 54.
- 13(f) The present financial statements for each accounting entity are presented on Schedules 14 – 19 within this report at pages 55 – 60. These entity financial statements should be read in conjunction with the University’s audited financial statements for the year ended June 30, 2014.
- 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 20 – 27 within this report at pages 61 – 68.

**State of Illinois**  
**Illinois State University**  
**Compliance Examination**  
**Special Data Requirements for University Audits**  
**For the Year Ended June 30, 2014**  
**(Unaudited)**

**Auxiliary Enterprises, Activities, and Accounting Entities (continued)**

- 13(h) The University has certain student employees whom are paid from federal funds under the Work-Study Program (CFDA #84.033). University management discloses – in accordance with the long-standing public policy of the State of Illinois – approximately \$4,220,780 of group insurance expense and \$5,276,056 of retirement plan contributions were paid from State appropriated funds for the year ended June 30, 2014. 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 within the University’s Condensed Statements of Net Position, Condensed Statements of Revenues, Expenses, and Changes in Net Position, and Condensed Statements of Cash Flows for the University’s Auxiliary Facilities System within the financial audit report at Note 22 on page 46.
- Further, the present financial statements for Housing, Activities, and Parking entities are presented on Schedules 18 – 19 within this report at pages 59 – 60. A description of the Housing, Activities, and Parking entities’ sources of revenues and purpose are presented on Schedule 13 within this report at pages 53 – 54.
- 13(j) There were no violations of the bond covenants identified during the financial audit and compliance examination of the Illinois State University for the year ended June 30, 2014.
- 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 one URO, the Illinois State University Foundation. The University does not have any “Independent Organizations” under Section VII of the University Guidelines.
- 13(m) A summary of Illinois State University Foundation payments to the University for services provided by the University is presented within this report at page 83.
- 13(n) A summary of University payments to the Illinois State University Foundation for services provided by the Illinois State University Foundation is presented within this report at page 83.
- 13(o) A disclosure of the cumulative amount of unreimbursed subsidies to the Illinois State University Foundation is presented within this report at page 83.

**State of Illinois**  
**Illinois State University**  
**Compliance Examination**  
**Special Data Requirements for University Audits**  
**For the Year Ended June 30, 2014**  
**(Unaudited)**

**University Related Organizations (UROs) (continued)**

- 13(p) A disclosure and description of debt financed by the Illinois State University Foundation, along with other University long-term liabilities, is disclosed within the financial audit report at Note 9 on pages 32 – 37.

**Other Topics**

- 13(q) The Comparative Schedule of Cash and Cash Equivalents is presented on Schedule 8 within this report at page 46. The Comparative Schedule of Investments is presented on Schedule 9 within this report at page 47.
- 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 76.
- 13(t) The University purchased the following parcel of real estate with an acquisition cost in excess of \$250,000 that was not funded by a separate, specific appropriation from the General Assembly:
- 210-212 N. Main in Normal, Illinois for \$774,356.
- 13(u) The University's Certificate of Participation issuances, along with other University and Illinois State University Foundation long-term liabilities, are disclosed within the financial audit report at Note 9 on pages 32 – 37.

**Other Schedules for Universities**

- 13(1) An analysis of State appropriations to the University is presented on Schedules 2 – 5 within this report at pages 40 – 43.
- 13(2) A Comparative Schedule of Revenues and Expenses for the University's Income Fund is presented on Schedule 6 within this report at page 44.
- 13(3) Separate schedules of tuition and fee waivers for undergraduate and graduate students, respectively, are presented within this report at pages 84 – 85.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SUMMARY OF FOUNDATION PAYMENTS TO UNIVERSITY  
Years Ended June 30, 2014 and 2013**

(Unaudited)

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

During fiscal years 2014 and 2013, Illinois State University engaged the Foundation, under contract, to provide development and fund raising services. In addition, the University contributed services and expenditures in the amount of \$2,291,329 and \$2,143,917 during fiscal years 2014 and 2013, respectively. As required by contract, the Foundation fully repaid the University, using funds considered unrestricted for purposes of the computations per University Guidelines. There was no cumulative unreimbursed subsidy for fiscal years 2014 and 2013. During fiscal years 2014 and 2013 the Foundation contributed services and expenditures of \$8,319,878 and \$9,304,212, respectively that were for the direct and/or indirect support of the University.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
UNDERGRADUATE TUITION AND FEE WAIVERS  
For the Year Ended June 30, 2014**

(Unaudited)

	<b>Total Number of Recipients*</b>	<b>Tuition Waived</b>		<b>Fees Waived</b>	
		<b>(In Thousands of Dollars)</b>			
	<b>Number of Recipients*</b>	<b>Value of Waivers</b>	<b>Number of Recipients*</b>	<b>Value of Waivers</b>	
<b>Mandatory Waivers</b>					
Teacher Special Education	349	349	\$ 3,384.6	349	\$ 908.7
Reserve Officer's Training Corps	44	44	375.6	-	-
Wards of Illinois Department of Children and Family Services	28	28	202.1	28	26.7
Veterans Grants and Scholarships	298	298	2,610.7	-	-
Children of Employees	<u>294</u>	<u>294</u>	<u>1,276.7</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>1,013</u>	<u>1,013</u>	<u>7,849.7</u>	<u>377</u>	<u>935.4</u>
<b>Discretionary Waivers</b>					
Faculty/Administrators (Non-Civil Service)	6	6	12.4	5	3.4
Civil Service	65	65	189.4	63	45.2
Children of Deceased Employees	4	4	30.1	4	6.8
Athletic	378	378	3,020.0	-	-
Academic/Other Talent	490	490	1,652.3	-	-
Foreign Exchange Students	72	72	420.3	-	-
Student Need-Special Programs	131	131	417.3	-	-
Teaching Assistants	-	-	-	-	-
Retired University Employees	-	-	-	-	-
Cooperating Professionals	<u>1</u>	<u>1</u>	<u>.3</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>1,147</u>	<u>1,147</u>	<u>5,742.1</u>	<u>72</u>	<u>55.4</u>
<b>Total</b>	<u>2,160</u>	<u>2,160</u>	<u>\$13,591.8</u>	<u>449</u>	<u>\$ 990.8</u>

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
GRADUATE TUITION AND FEE WAIVERS  
For the Year Ended June 30, 2014**

(Unaudited)

	<b>Total Number of Recipients*</b>	<b>Tuition Waived</b>		<b>Fees Waived</b>	
		<b>(In Thousands of Dollars)</b>			
	<b>Number of Recipients*</b>	<b>Value of Waivers</b>	<b>Number of Recipients*</b>	<b>Value of Waivers</b>	
<b>Mandatory Waivers</b>					
Teacher Special Education	7	7	\$ 51.4	7	\$ 13.9
Reserve Officer's Training Corps	-	-	-	-	-
Veterans Grants & Scholarships	<u>29</u>	<u>29</u>	<u>124.7</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>36</u>	<u>36</u>	<u>176.1</u>	<u>7</u>	<u>13.9</u>
<b>Discretionary Waivers</b>					
Faculty/Administrators (Non-Civil Service)	173	173	515.6	161	115.2
Civil Service	70	70	196.6	64	44.6
Cooperating Professionals	322	322	691.6	-	-
Athletic	6	6	21.1	-	-
Academic/Other Talent	404	404	781.0	-	-
Foreign Exchange Students	41	41	186.2	-	-
Graduate Assistants	1,012	1,012	9,053.9	-	-
Student Need – Financial Aid	1	1	3.5	-	-
Retired University Employees	<u>5</u>	<u>5</u>	<u>13.5</u>	<u>3</u>	<u>2.7</u>
(subtotal)	<u>2,034</u>	<u>2,034</u>	<u>11,463.0</u>	<u>228</u>	<u>162.5</u>
<b>Total</b>	<u>2,070</u>	<u>2,070</u>	<u>\$11,639.1</u>	<u>235</u>	<u>\$ 176.4</u>

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