

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY**

**COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2013**

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



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

**State of Illinois
Western Illinois University
Compliance Examination
(In Accordance with the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2013**

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Financial Statement Report:

The University’s financial statement report for the year ended June 30, 2013, which includes the Independent Auditors’ Report, Management Discussion and Analysis, Basic Financial Statements and Notes to the Basic Financial Statements, and the Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* has been issued separately.

State of Illinois
Western Illinois University
Compliance Examination
(In Accordance with the Single Audit Act and OMB Circular A-133)
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Related Report Published Under a Separate Cover

Western Illinois University Financial Audit for the Year Ended June 30, 2013

**State of Illinois
Western Illinois University
Compliance Examination
For the Year Ended June 30, 2013**

University Officials

President	Dr. Jack Thomas
Provost and Academic Vice President	Dr. Kenneth Hawkinson
Vice President for Student Services	Dr. Gary Biller
Vice President for Administrative Services	Ms. Julie DeWees
Vice President for Advancement and Public Services	Mr. Brad Bainter
Vice President for Quad Cities and Planning	Dr. Joseph Rives
Assistant Vice President for Administrative Services	Vacant (09/07/13 to Present) Ms. Dana Biernbaum (Through 09/06/13)
Director of Business Services	Vacant (09/07/13 to Present) Ms. Dana Biernbaum, Interim (Through 09/06/13)
Director of Internal Auditing	Ms. Rita Moore
Assistant Comptroller	Ms. Barbara Thompson
Assistant Comptroller	Ms. Cheryl Webster
Assistant Comptroller	Ms. Lisa Hinman

University offices are located at:

Macomb Campus
1 University Circle
Macomb, Illinois 61455-1390

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



WESTERN
ILLINOIS
UNIVERSITY

March 13, 2014

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

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Western Illinois University (University). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following assertions during the year ended June 30, 2013. Based on this evaluation, we assert that during the year ended June 30, 2013, the University has materially complied with the assertions below.

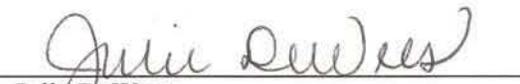
- A. The University has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received and used public funds of the State in accordance with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

Yours very truly,

Western Illinois University



Jack Thomas, Ph.D.
President



Julie DeWees
Vice President for Administrative Services

Office of the President
Sherman Hall 209, 1 University Circle, Macomb, IL 61455-1390
Tel 309.298.1824 Fax 309.298.2089

**State of Illinois
Western Illinois University
Compliance Examination
For the Year Ended June 30, 2013**

Compliance Report

Summary

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

Accountants' Report

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

Summary of Findings

Number of	Current Report	Prior Report
Findings	7	9
Repeated findings	3	4
Prior recommendations implemented or not repeated	6	3

Schedule of Findings and Questioned Costs

Item No.	Page	Description	Finding Type
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
2013-001	15	Inadequate Controls Over Journal Entries	Significant Deficiency
FINDINGS AND QUESTIONED COSTS (<i>FEDERAL COMPLIANCE</i>)			
No matters were reported.			
FINDINGS (<i>STATE COMPLIANCE</i>)			
2013-002	18	Failure to Prepare High School Feedback System Reports	Noncompliance and Significant Deficiency
2013-003	20	Noncompliance with Abused and Neglected Child Reporting Act	Noncompliance and Significant Deficiency

**State of Illinois
Western Illinois University
Compliance Examination
For the Year Ended June 30, 2013**

Schedule of Findings and Questioned Costs (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2013-004	22	Noncompliance with the Campus Security Enhancement Act	Noncompliance and Significant Deficiency
2013-005	24	Noncompliance with Required Contracting Procedures	Noncompliance and Significant Deficiency
2013-006	28	Subsidies Between Accounting Entities	Noncompliance and Significant Deficiency
2013-007	30	Noncompliance with University Faculty Research and Consulting Act	Noncompliance and Significant Deficiency

In addition, the following finding which is reported as a current finding relating to *Government Auditing Standards* also meets the reporting requirements for State Compliance.

2013-001	15	Inadequate Controls Over Journal Entries	Noncompliance and Significant Deficiency
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PRIOR FINDINGS NOT REPEATED

A	32	Inadequate Controls Over University Property and Equipment
B	32	Inadequate Controls Over Reporting Accrued Compensated Absences
C	32	Inadequate Controls Over Awarding of Grants and Loans
D	33	Inadequate Controls Over Reporting of Student Data
E	33	Inadequate Performance of Verification Procedures
F	33	Inadequate Controls Over Time Reporting

Exit Conference

The University waived having an exit conference in a letter dated February 27, 2014 from Barbara Thompson, Assistant Comptroller.

Responses to the recommendations were provided by Barbara Thompson, Assistant Comptroller, in a letter dated March 12, 2014.



**Independent Accountants' Report on State Compliance,
on Internal Control Over Compliance, and on
Supplementary Information for State Compliance Purposes**

Honorable William G. Holland
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Western Illinois University's (University) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2013. The management of the University is responsible for compliance with these requirements. Our responsibility is to express an opinion on the University's compliance based on our examination.

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

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

In our opinion, the University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2013. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002, 2013-003, 2013-004, 2013-005, 2013-006 and 2013-007.

Internal Control

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the University's internal control over compliance with the requirements listed in the first paragraph of this report 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 University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with 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 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. *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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002, 2013-003, 2013-004, 2013-005, 2013-006 and 2013-007, that we consider 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 University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the University's responses and, accordingly, we express no opinion on 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 University and its aggregate discretely presented component unit as of and for the year ended June 30, 2013, and have issued our report thereon dated December 20, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. Our report included reference to another auditor who audited the financial statements of the University's discretely presented component unit and whose report had been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit was based solely on the report of the other auditor. We have not performed any procedures with respect to the audited financial statements subsequent to December 20, 2013. The accompanying supplementary information for the year ended June 30, 2013 in Schedules 1 through 12 and Schedules 15 through 22 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the University. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2013 in Schedules 1 through 12 and Schedules 15 through 22 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 12 and Schedules 15 through 22 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the University's basic financial statements as of and for the year ended June 30, 2012, and have issued our report thereon dated March 18, 2013, which contained unmodified opinions on the respective financial statements of the business-type activities of the University and its discretely presented component unit. Our report included reference to another auditor who audited the financial statements of the University's discretely presented component unit and whose report had been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit was based solely on the report of the other auditor. The accompanying supplementary information for the year ended June 30, 2012 in Schedules 3 through 8, Schedule 10, Schedule 12, Schedule 17, Schedule 19, Schedule 21 and Schedule 22 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, 2012 financial statements. The accompanying supplementary information for the year ended June 30, 2012 in Schedules 3 through 8, Schedule 10, Schedule 12, Schedule 17, Schedule 19, Schedule 21 and Schedule 22 has been subjected to the auditing procedures applied in the audit of the June 30, 2012 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those 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, 2012 in Schedules 3 through 8, Schedule 10, Schedule 12, Schedule 17, Schedule 19, Schedule 21 and Schedule 22 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

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

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

E. C. Ortiz & Co., LLP

Chicago, Illinois

March 13, 2014, except for our report on the Supplementary Information
for State Compliance Purposes, as to which the date is December 20, 2013.



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

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

Honorable William G. Holland
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, 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 Western Illinois University (University) and its aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 20, 2013. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (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 University's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of finding as item 2013-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from 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*.

University's Response to Finding

The University's response to the finding identified in our audit is described in the accompanying schedule of finding. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

E. C. Ortiz & Co., LLP

Chicago, Illinois
December 20, 2013



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

Independent Auditors' 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

The Board of Trustees
Western Illinois University

Report on Compliance for Each Major Federal Program

We have audited the Western Illinois University's (University) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2013. The University's major federal programs are identified in the summary of auditors' 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 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 University's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2013.

Report on Internal Control Over Compliance

Management of the 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 University's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 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 Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of the University as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated December 20, 2013, which contained unmodified opinions on those financial statements. Our report includes a reference to another auditor who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 20, 2013. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

E. C. Ortiz & Co., LLP

Chicago, Illinois

March 13, 2014, except for the Schedule of Expenditures of Federal Awards and the related notes, as to which the date is December 20, 2013.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Assistance Cluster
Various	Research and Development Cluster
Various	Special Education Cluster (IDEA)
20.509	Formula Grants for Rural Areas
84.002	Adult Education - Basic Grants to States
97.067	Homeland Security Grant Program

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

Auditee qualified as low-risk auditee? Yes No

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Finding - *Government Auditing Standards*

2013-001 - Inadequate Controls Over Journal Entries

Western Illinois University (University) did not have adequate controls over its journal entries. Specifically, the University had no policies and procedures to ensure that journal entry transactions were properly supported and reviewed prior to posting to the general ledger.

The University used the Financial Records System (FRS) to initiate and process financial information and facilitate its financial reporting. The FRS maintains all general ledger and subsidiary ledger accounts and sub-accounts with specific funds and account groups in accordance with the Statewide Accounting Management System (SAMS). A significant number of accounting transactions were recorded into the FRS through the use of journal entries. These entries were initiated and posted by the respective Accountants in-charge of specific accounts in the Business and Financial Services Department. On a periodic basis, Assistant Comptrollers performed a cursory review of material journal entry transactions to ensure entries posted were accurate. However, evidence of this review was not documented. In order to control the journal entry process, Accountants in-charge used standardized journal entry forms which included the name of the preparer, date the entry was prepared, description of the entry (which included the reason for the entry and amount), and a comment box. Support for the journal entries were scanned into laser fiche.

During our review of 25 journal entries, we noted the following:

- The University had no formal policy on review and approval prior to posting of the journal entries to the general ledger.
- Six of 25 (24%) journal entries totaling nearly \$423,000, were not adequately supported. No supporting documentation was attached to three of the 6 (50%) entries and supporting documentation for the rest was insufficient to support the entry. These entries were made to record account reclassification, textbook rental activities and institutional matching.
- No independent review and/or approval was noted for all 25 (100%) journal entries, totaling over \$39,500,000. Entries made pertain to adjustments on accounts receivables, reclassification entries, deferred revenues, scholarship discounts, textbook rental activities, institutional matching and interfund receivables. These journal entries were not properly approved prior to the entry being posted in the general ledger.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies establish internal fiscal and administrative controls to provide assurance that obligations and costs are in

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Finding - *Government Auditing Standards* (Continued)

2013-001 - Inadequate Controls Over Journal Entries (Continued)

compliance with applicable law; and that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Also, sound internal controls require all journal entries, including nonstandard/nonroutine entries, have adequate supporting documentation, and be reviewed and approved independently prior to posting, to prevent errors and fraud.

University management stated the University did not adopt formal policies and procedures in relation to processing, reviewing and approving journal entries due to limited resources. Due to lack of formal policies and procedures, certain journal entry transactions were processed and posted to the general ledger without adequate documentation, review and approval.

The lack of controls over journal entries increases the risk of incorrect or unauthorized adjustments posted to the general ledger, which may cause material misstatements to the financial statements. (Finding Code No. 2013-001)

Recommendation

We recommend the University establish formal policies and procedures to ensure that all journal entries are adequately supported and properly reviewed by an independent person prior to posting to the general ledger.

University Response

The University agrees with the finding. The University will establish formal policies and procedures for processing, reviewing and approving journal entries.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Finding - Federal Compliance

No findings noted.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance

2013-002 - Failure to Prepare High School Feedback System Reports

Western Illinois University (University) did not prepare High School Feedback System reports to high schools within the State.

During our examination, we noted the Illinois Community College Board, the State Board of Education, and the Board of Higher Education's latest report for School Years 2008 - 2010 was released on March 11, 2013 and did not have the level of detail or information required by the statute.

The Western Illinois University Law (Law) (110 ILCS 690/35-80) requires the University - in collaboration with Illinois State University, Chicago State University, Eastern Illinois University, Governors State University, Northeastern Illinois University, Northern Illinois University, Southern Illinois University, and the University of Illinois - to annually prepare and submit a single report to each high school within the State concerning the academic progress and success of the high school's former students. Pursuant to the Law, the report must include the number of high school graduates enrolled in each university and the major of each, the number of high school graduates who have withdrawn from each university, and student performance in university coursework.

University management stated the University ceased preparing the High School Feedback System report to high schools within the State when the 95th General Assembly passed Senate Joint Resolution 59 in October 2007. This resolution directed the Illinois Community College Board, the State Board of Education, and the Board of Higher Education to develop a plan to use the Prairie State Achievement Examination to gauge students' college readiness, shape students' senior-year curricula, including any necessary remediation, in order to ensure college readiness upon high school graduation, and develop a new high school feedback report to better inform high school administrators and education policymakers about students' performance during their first year at postsecondary institutions.

University management also stated the University individually submitted feedback to local area schools; however, at this time, none of the State universities have worked collaboratively to submit a single annual report pursuant to the statute.

Failure to prepare and submit High School Feedback System reports to the State's high schools limits opportunities for the high schools to identify areas for improving student success in university coursework and represents noncompliance with the Western Illinois University Law. (Finding Code No. 2013-002)

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-002 - Failure to Prepare High School Feedback System Reports (Continued)

Recommendation

We recommend the University collaborate with the other State universities to prepare High School Feedback System reports for each high school within the State, or seek legislative remedy from the statutory requirement.

University Response

The University agrees with the finding. The University will work through the WIU Governmental Relations Office to seek legislative remedy from the statutory requirement.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-003 - Noncompliance with Abused and Neglected Child Reporting Act

Western Illinois University (University) did not fully comply with the reporting requirements of the Abused and Neglected Child Reporting Act (Act) in relation to the pre-employment signing of the statement of understanding.

As part of the pre-employment process, the University required the employees to sign a form, prescribed by the Illinois Department of Children and Family Services (Department), stating their understanding of the reporting requirements of the Act. During our review of 25 employees hired by the University during the year, we noted the following:

- One (4%) employee did not complete the form prescribed by the Department. This employee was a faculty who was hired and terminated during the year.
- Fourteen (56%) employees completed the form one to 298 days after the employees' start of employment.

The Act (325 ILCS 5/4) requires any person who enters into employment on and after July 1, 1986, and is mandated by virtue of the employment to report under this Act, shall sign a statement on a form prescribed by the Department, to the effect that the employee has knowledge and understanding of the reporting requirements of the Act. Effective July 13, 2012, the statement shall be signed prior to commencement of the employment.

University management stated late and incomplete forms were due to short notice of changes to State law. Further, two employees were inadvertently not provided the form at the time of hire.

Employees' lack of understanding of the reporting requirements of the Act results in noncompliance with the statute, which may preclude the timely reporting of abused or neglected child cases in the University. (Finding Code No. 2013-003)

Recommendation

We recommend the University strengthen internal controls to ensure employees complete and sign the required form, acknowledging their understanding of the Act's reporting requirements, prior to the employees' start of employment.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-003 - Noncompliance with Abused and Neglected Child Reporting Act (Continued)

University Response

The University agrees with the finding. The University is working to strengthen internal controls to prevent future occurrence of noncompliance.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-004 - Noncompliance with the Campus Security Enhancement Act

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

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

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

- Three of 20 (15%) arrest incidents published in 18 crime reports did not make available information to the news media on the location of arrest and/or known address of the individual arrested.
- The University did not have a formal written policy to require the completion of written background investigations prior to employing individuals to security-sensitive positions as required by the Act. Current University procedures require a background check before an offer of employment will be made to the selected candidate or prior to the completion of the candidate's probationary period, which is either 6 or 12 months, depending on the employee's classification. Our review of four employees hired to a security-sensitive position during Fiscal Year 2013 revealed that background checks were performed for all four (100%) employees 25-94 days after the employees' start of employment and prior to completion of the probationary period. In addition, during the current year, the University reviewed its existing procedures to comply with the aforementioned Act regarding security-sensitive positions and submitted to the Vice President for Administrative Services a proposal to revise current procedures. This proposal is under review as of the end of Fiscal Year 2013.

The Act (110 ILCS 12/15) requires that when an individual is arrested, certain information must be made available to the news media for inspection and copying as soon as practicable, but in no event shall the time period exceed 72 hours from the arrest. Information should include the address of the individual arrested, when and if available, as well as the location of the arrest.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-004 - Noncompliance with the Campus Security Enhancement Act (Continued)

The Act (110 ILCS 12/5) also requires each public institution of higher education, through written policy and procedures, to identify security-sensitive positions and make provision for the completion of criminal background investigations prior to employing individuals in those positions.

In the prior finding, it was also noted that 3 of 25 (12%) arrest incidents were not made available to the news media and 20 of 20 (100%) arrest incidents published in crime reports did not make available information on the time/date that the individual was received, discharged, or transferred from the arresting agency's custody, for incarcerated individuals. During the current year, the University made available to the news media all arrest incidents tested and information on the time/date that the individual was received, discharged or transferred from the arresting agency's custody, for incarcerated individuals.

University management stated that certain information was inadvertently omitted on the publication of some arrest incidents included in the crime reports due to oversight. University management also stated that University administration has not finalized a policy requiring background check investigations for security-sensitive positions to be completed before the employee start date.

Failure to provide complete information from arrest reports to the news media limits public accountability and transparency. Failure to perform background investigations prior to hiring individuals to security-sensitive positions is noncompliance with the Act and poses possible risks to the security of the University. (Finding Code No. 2013-004 and 12-6)

Recommendation

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

University Response

The University agrees with the finding. The University has implemented procedures to avoid future omissions in the crime reports. The development of a policy for background checks for all post-offer candidates is in process.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-005 - Noncompliance with Required Contracting Procedures

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

During our review of contracts executed during Fiscal Year 2013, we noted the following:

- Ten of 21 (48%) large contracts tested were filed with the Comptroller prior to top management approval, as required by law. Memorandums of Approval (MOAs) signed by the University President, Legal Counsel and Vice President for Administrative Services were completed 2 to 84 days after filing of contracts. The contracts ranged from \$305,000 to \$17.2 million.

The State Finance Act (30 ILCS 105/9.02) states that any new contract, contract renewal, order against a master contract, or any contract amendment of \$250,000 or more in a fiscal year, shall be signed or approved in writing by the agency's chief executive officer, chief legal counsel and chief fiscal officer. No such procurements may be filed with the Comptroller, nor may any authorization for payment pursuant to such documents be filed with the Comptroller, if the required signatures or approvals are lacking. The Act states any person who, with knowledge the required signatures or approvals are lacking, either files or directs another to file documents or payment authorizations in violation of the Act shall be subject to discipline up to and including discharge.

- Four of 21 (19%) large contracts tested were executed 85 to 88 days after the contract start date. These contracts ranged from \$360,000 to \$17.2 million which pertained to general, ventilation, electrical and heating projects for Thompson Hall.

The Illinois Procurement Code (30 ILCS 500/20-80(d)) "Timely execution of contracts" requires that contracts be reduced to writing and signed by all necessary parties before services are rendered or goods are received. Further, the Statewide Accounting Management System (SAMS) Procedure 15.10.40 states that for contracts that require three agency signatures per the State Finance Act (30 ILCS 105/9.02), execution will occur when the vendor and all three agency signatures have been affixed.

- Nine of 40 (23%) Contract Obligation Documents (COD) filed with the Comptroller were not properly completed. Eight of nine CODs did not properly indicate that subcontractors

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-005 - Noncompliance with Required Contracting Procedures (Continued)

will be utilized under the contract. One of nine contracts did not indicate information on the award code, publication date and reference number under the procurement information section of the COD.

Subcontractor utilization under the contract should be indicated in the COD pursuant to the Illinois Procurement Code (30 ILCS 500/20-120). Also, the Statewide Accounting Management System (SAMS) Procedure 15.20.10 on input requirements state that File Only contracts, including contracts paid entirely from locally held funds, do not require obligation and are not entered into the SAMS system. They must, however, be filed with the Comptroller and must meet all Comptroller documentation and certification requirements. Input requirements under the procurement information section of the COD include award code, publication date, reference number and subcontractor utilization.

- One of one (100%) architectural and engineering contracts tested did not include a certificate signed by both a University representative and the vendor certifying compliance with the provisions of the Architectural, Engineering, and Land Surveying Qualifications Based Selection Act (QBS Act).

The Architectural, Engineering, and Land Surveying Qualifications Based Selection Act (30 ILCS 535/60) states that each contract for architectural, engineering, and land surveying services by a State agency shall contain a certificate signed by a representative of the State agency and the firm certifying that the provisions of this Act were complied with.

- One of four (25%) multi-year contracts tested did not include a current year certification that it continued to satisfy the requirements pertaining to vendor's eligibility for a contract award. This pertained to a five-year waste management services contract totaling \$1.76 million.

The Illinois Procurement Code (30 ILCS 500/50-2) states "Every person that has entered into a multi-year contract... shall certify, by July 1 of each fiscal year covered by the contract after the initial fiscal year, to the responsible chief procurement officer whether it continues to satisfy the requirements... pertaining to eligibility for a contract award."

During the prior year, the University stated that appropriate procedures would be established to ensure that all contracts and related forms are properly completed and timely filed with the Comptroller. In the current year, the University took the following measures: held weekly staff

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-005 - Noncompliance with Required Contracting Procedures (Continued)

meetings to review Procurement Code questions and procedures, initiated a review process of the Procurement Code rules, discussed the systematic approach to procedures applied within the department, and started reviewing existing forms for clarity and repetition. The President Approval Signature form was combined into the MOA form to eliminate confusion between forms. In June 2013, the Board of Trustees approved a request to raise the President's approval amount to \$250,000 to match that of legal counsel. Departmental staff continued to participate in regular discussions regarding procurement code compliance internally, as well as externally, with the State Chief Procurement Officer - Higher Education (CPOHE), State Purchasing Officer - Higher Education, and the Procurement Policy Board.

University management stated that improper completion of CODs, untimely execution of contracts, and improper filing of contracts without the completed MOA were due to oversight. Also, these exceptions were the result of a lack of formal contracting procedures or a checklist within the University.

For the one exception noted for architectural and engineering contracting under the QBS Act, the University relied on the fact that the vendor must pre-qualify through the Capital Development Board (CDB) to be awarded the contract. As part of the bid process with the University, the vendor submitted the pre-qualification letter from CDB to the University. However, the vendor did not submit the required certification to the University.

The University previously interpreted the Procurement Code in relation to the vendor's recertification and thought that the certification was required only in the first year of a multi-year contract as the solicitation was bid and awarded for five years. Further, University management stated its interpretation of the Procurement Code was that it was the vendor's responsibility to recertify during the life of the contract if changes had occurred.

Filing contracts with the Comptroller prior to completion of required MOAs and failure to properly complete the CODs result in reduced accountability and noncompliance with statutes. In addition, failure to timely execute contracts prior to the commencement of services leaves the University vulnerable to unnecessary liabilities and potential legal issues. Failure to obtain the required certification from vendors increases the risk that vendors' noncompliance with statutory requirements may not be detected. (Finding Code No. 2013-005, 12-7, 11-6 and 10-4)

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-005 - Noncompliance with Required Contracting Procedures (Continued)

Recommendation

We recommend the University establish appropriate procedures to ensure that all contracts, COD and related vendor certifications are properly completed, approved and executed prior to the start of the services.

University Response

The University agrees with the finding. The University will institute written procedures for contracting to ensure compliance with the recommendations in the finding.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-006 - Subsidies Between Accounting Entities

Western Illinois University (University) subsidized operations of University activities between accounting entities during Fiscal Year 2013. Activities are functions which are self-supporting in whole or in part, which are directly related to instructional, research or service units.

During our testing of compliance with the Legislative Audit Commission's University Guidelines (University Guidelines), we noted the University Stores and Service Centers accounting entity had negative cash balances at the beginning and the end of the fiscal year totaling \$1.7 million and \$1.5 million, respectively. A negative cash balance is, in effect, an unrecorded interfund payable/receivable, thereby causing a subsidy between funds to occur. The University Stores and Service Centers operate stores and maintenance service centers for all units of the University. As of June 30, 2013, this accounting entity had accounts receivable and inventories totaling \$1.3 million.

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

In the prior year, the University stated that a review of activities of each accounting entity as well as chargeback processes and pricing levels was in process. In the current fiscal year, the administration stated additional monitoring of activities was performed on the University Stores and Service Centers accounting entity. Pending completion of the review process, the pricing levels of cost of chargeback remained the same in Fiscal Year 2013.

University management stated that revenues generated by the entity continue to be inadequate to sustain operational costs in providing services to departments. This led to the subsidy between accounting entities.

Subsidies between accounting entities result in other accounting entities incurring unrelated costs to fund operations of entities with negative cash balances. (Finding Code No. 2013-006 and 12-9)

Recommendation

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

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-006 - Subsidies Between Accounting Entities (Continued)

University Response

The University agrees with the finding. The University plans to contract with an outside consultant for operations analysis of the entity.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-007 - Noncompliance with University Faculty Research and Consulting Act

Western Illinois University (University) did not fully comply with the University Faculty Research and Consulting Act (Act).

During our review of nine full-time members of the faculty performing outside research and consulting activities, we noted requests for approval of outside employment for five (56%) full-time faculty members were not approved by the Academic Vice President or authorized designee prior to the start date of the outside employment/consulting. Approvals were made 1 to 34 days after the start date of the outside employment of the faculty. One of 5 (20%) faculty employees submitted the request 30 days after the start of outside employment.

The University Faculty Research and Consulting Act (110 ILCS 100/1) requires no full-time member of the faculty of any State supported institution of higher learning may undertake, contract for, or accept anything of value in return for research or consulting services for any person other than that institution on whose faculty he serves unless he has the prior written approval of the President of that institution, or a designee of such President, to perform the outside research or consulting services, such request to contain an estimate of the amount of time which will be involved.

In response to the prior year finding, University management stated they would continue to emphasize the importance of timely completion of the outside employment paperwork. During the current year, a reminder memo was emailed to all faculty employees in May before the semester ended. Also, an enhanced memo was developed and sent during spring to give employees more information in relation to the Outside Employment Form and Final Report.

University management stated that due to the number of signatures required to obtain approval of outside employment, and the availability of those individuals, it is at times difficult to obtain all of the required signatures in the necessary timeframe. This is especially true if the employee completes the form close to the start date of their “outside employment.” In other cases, the employee may simply have overlooked the deadline and submitted their request after the outside employment began.

Failure to obtain proper approval prior to performing outside research and consulting activities results in noncompliance with the Act, which may preclude identification of a potential conflict of commitment and interest. (Finding Code No. 2013-007)

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Current Findings - State Compliance (Continued)

2013-007 - Noncompliance with University Faculty Research and Consulting Act (Continued)

Recommendation

We recommend the University strengthen its process for submission and approval of requests for outside employment to ensure proper approval is obtained prior to engaging in outside research and consulting activities.

University Response

The University agrees with the finding. In addition to the memos that are sent to employees, the Provost's Office will enhance its communication with the academic deans, department chairs, and other supervisors to help ensure the timely submission of the "Request for Approval: Outside Employment" forms. Additionally, when an employee submits a request late, a verbal warning will be given. Repeated late submissions will result in a written reprimand.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Prior Findings Not Repeated

A. Inadequate Controls Over University Property and Equipment

In the prior examination, Western Illinois University (University) did not establish adequate internal controls over property records to ensure proper calculation and recording of depreciation expense. In addition, the management control created to determine whether additions to property and equipment are adequately supported, properly reported, and accurately recorded was not operating as intended. (Finding Code No. 12-1 and 11-1)

Status: Not repeated

In the current examination, the University modified its procedures to ensure depreciation expense and book values were correct at year-end. Based on our review of University's capital assets, additions and depreciation of property and equipment tested were adequately supported, properly calculated and accurately recorded.

B. Inadequate Controls Over Reporting Accrued Compensated Absences

In the prior examination, the University did not have adequate controls in place for identifying and reporting the University's liability for accrued compensated absences. The University either did not record or erroneously recorded sick leave and vacation leave accruals of some employees. (Finding Code No. 12-2)

Status: Not repeated

In the current examination, the University implemented internal controls and procedures to ensure accurate financial information on employee vacation and sick leave accruals is complete and accurate. Sick and vacation leave accruals of sampled employees were accrued and properly reported in the University's financial statements.

C. Inadequate Controls Over Awarding of Grants and Loans

In the prior examination, the University did not have adequate controls to ensure federal grants and loans were awarded to students in accordance with federal regulations. (Finding Code No. 12-3 and 11-3)

Status: Not repeated

In the current examination, the University implemented control procedures to ensure federal grants and loans awarded to students were correct and in accordance with federal regulations. Also, our testing did not disclose any errors in awarding federal grants and loans to sampled students.

**State of Illinois
Western Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Prior Findings Not Repeated (Continued)

D. Inadequate Controls Over Reporting of Student Data

In the prior examination, the University did not have adequate controls over reporting of disbursements and dates to the Common Origination and Disbursement (COD) system and National Student Loan Data System (NSLDS). (Finding Code No. 12-4 and 11-4)

Status: Not repeated

In the current examination, the University modified its procedures to ensure disbursements reported to the COD system and NSLDS were accurate. Based on our testing of selected Pell grants awarded to students during Fiscal Year 2013, the University properly reported the disbursement dates to the COD system. Also, during the testing of Federal Perkins Loan awarded, the University accurately reported the loan disbursement information to NSLDS for sampled students.

E. Inadequate Performance of Verification Procedures

In the prior examination, the University did not adequately perform required verification procedures to ensure accuracy of information reported by the students in their Institutional Student Information Records (ISIR). (Finding Code No. 12-5)

Status: Not repeated

In the current examination, the University updated the programming of the financial aid system which provided a more effective tool in the verification process for advisors who review the ISIR. Also, no errors were noted during the testing of selected students who were subjected to the verification process.

F. Inadequate Controls Over Time Reporting

In the prior examination, the University did not have controls to ensure time reports were correctly completed and adequately confirmed for faculty and administrative personnel. (Finding Code No. 12-8)

Status: Not repeated

In the current examination, the University implemented additional procedures to ensure timely confirmation of time reports and accurate reporting of overtime/compensatory time. Our review of time reports for sampled personnel did not disclose any exceptions.

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

**State of Illinois
Western Illinois University
Supplementary Information for State Compliance Purposes
For the Year Ended June 30, 2013**

Summary (Continued)

- Analysis of Operations (Unaudited):
 - University Functions and Planning Program (Unaudited)
 - Comments on the Percentage of Total Expenditures Represented by Administrative Costs (Unaudited)
 - Employment Statistics - Full-Time Equivalent (Unaudited)
 - Emergency Purchase (Unaudited)
 - Service Efforts and Accomplishments - Enrollment Statistics (Unaudited)
 - Schedule of Unrestricted Current Funds General Expenditures Per Full-Time Equivalent Student as Reported to the Board of Higher Education (Unaudited)
 - Analysis of Bookstore Operations (Unaudited)
 - University Guidelines, 1982 as amended 1997 (Unaudited):
 - Special Data Requirements for University Audits (Unaudited)
 - Summary of Western Illinois University Foundation Transactions with the University (Unaudited)
 - Undergraduate Tuition and Fee Waivers (Unaudited)
 - Graduate Tuition and Fee Waivers (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes, Schedules 1 through 12 and Schedules 15 through 22, presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated in all material respects, in relation to the basic financial statements as a whole from which it has been derived. The accountants' report also states the Analysis of Operations Section and Schedules 13 through 14, 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 them.

**State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2013 Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER:			
<u>DEPARTMENT OF EDUCATION</u>			
Federal Supplemental Education Opportunity Grants	(M) 84.007	P007A121313	\$ 405,423
Federal Work-Study Program	(M) 84.033	P033A121313	433,306
Federal Perkins Loan Program Federal Capital Contributions	(M) 84.038	P038A071313	2,205,478
Federal Pell Grant Program			
<i>Federal Pell - 2011-2012</i>	(M) 84.063	P063P111391	47,122
<i>Federal Pell - 2012-2013</i>	(M) 84.063	P063P121391	18,490,803
<i>Federal Pell - 2013-2014</i>	(M) 84.063	P063P131391	242,615
Federal Direct Student Loans			
<i>Federal Direct Student Loans - FY11</i>	(M) 84.268	P268K111391	(2,913)
<i>Federal Direct Student Loans - FY12</i>	(M) 84.268	P268K121391	237,599
<i>Federal Direct Student Loans - FY13</i>	(M) 84.268	P268K131391	79,513,208
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)			
<i>Teach Grant - 2012-2013</i>	(M) 84.379	P379T131391	<u>26,000</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 101,598,641</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			<u>\$ 101,598,641</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
<u>DEPARTMENT OF AGRICULTURE</u>			
Agricultural Research_Basic and Applied Research			
<i>Chemical Composition of Soybeans in Rotation with Pennycress</i>	(M) 10.001	58-3620-2-6-18	\$ 7,582
Federal-State Marketing Improvement Program			
<i>Developing the Biomass Residential Heating Market for U.S. Farmers & Industry: Identifying the "Right" Consumers for Biomass Products</i>	(M) 10.156	12-25-G-1501	10,741
Agriculture and Food Research Initiative (AFRI)			
<i>Undergraduate Training & Research in Plant Breeding</i>	(M) 10.310	2010-85117-20535	<u>123,803</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 142,126</u>
<u>DEPARTMENT OF DEFENSE</u>			
Basic Scientific Research			
<i>Near Net Shape Manufacturing For Current & Future Generation Armament Systems</i>	(M) 12.431	W15QKN-11-2-0008	<u>\$ 623,670</u>
TOTAL DEPARTMENT OF DEFENSE			<u>\$ 623,670</u>

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

SCHEDULE 1
(CONTINUED)

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2013 Expenditures
RESEARCH AND DEVELOPMENT CLUSTER: (Continued)			
<u>DEPARTMENT OF INTERIOR</u>			
Fish and Wildlife Management Assistance Passed-Through University of Illinois <i>Asian Carp and Water Productivity III</i>	(M) 15.608	P0558922	\$ 6,468
<i>Asian Carp and Water Productivity IV</i>	(M) 15.608	P0739409	6,133
			<u>12,601</u>
Cooperative Endangered Species Conservation Fund Passed-Through Illinois Department of Natural Resources <i>Monitoring Fungal Communities and Occurrence of White-Nose Bat Syndrome</i>	(M) 15.615	RC11E53RI	<u>6,816</u>
Great Lakes Restoration Passed-Through Southern Illinois University <i>Illinois River Asian Carp Molecular Identification</i>	(M) 15.662	12-28	<u>51,434</u>
U.S. Geological Survey_Research and Data Collection <i>Ecological Studies on Asian Carp to Assess Habitat Selection, Migration, Feeding</i>	(M) 15.808	G13AC00069	<u>13,868</u>
TOTAL DEPARTMENT OF INTERIOR			\$ <u>84,719</u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
Engineering Grants <i>Collaborative Research: Geospatial Modeling for Pro-Active Flood Mitigation</i>	(M) 47.041	CMMI-1234226	<u>\$ 8,212</u>
Geosciences <i>Tornadic Vortices</i>	(M) 47.050	AGS-1137153	<u>53,576</u>
Biological Sciences <i>RUI: Deciphering Plant-Herbivore Interactions</i>	(M) 47.074	DBI-0820367	1,408
<i>Dynamics of Plant-Soil Feedbacks in Changing Environments</i>	(M) 47.074	DEB-0919510	<u>47,543</u>
			<u>48,951</u>
Trans-NSF Recovery Act Research Support <i>ARRA - RUI: Selective Oxidative Transformations Using Water-Soluble Hypervalent Iodine Reagents</i>	(M) 47.082	CHE-0910565	<u>42,012</u>
TOTAL NATIONAL SCIENCE FOUNDATION			\$ <u>152,751</u>

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2013 Expenditures
RESEARCH AND DEVELOPMENT CLUSTER: (Continued)			
<u>DEPARTMENT OF EDUCATION</u>			
Special Education_ Educational Technology Media, and Materials for Individuals with Disabilities Passed-Through University of Kansas Center for Research, Inc. <i>Animated Visual Supports for Social Skills (AVISSS)</i>	(M) 84.327A	FY2012-037	\$ 44,540
TOTAL DEPARTMENT OF EDUCATION			\$ 44,540
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Cancer Treatment Research <i>AREA Synthesis and Evaluation</i>	(M) 93.395	R15CA086933	\$ 14,917
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 14,917
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			\$ 1,062,723
SPECIAL EDUCATION CLUSTER (IDEA):			
<u>DEPARTMENT OF EDUCATION</u>			
Special Education_ Grants to States Passed-Through Southern Illinois University <i>IDEA: State Personnel Development Grant-IL IHE Partnership</i>	(M) 84.027	763944	\$ 7,641
Special Education_ Preschool Grants Passed-Through Illinois State Board of Education <i>Illinois Starnet - 2013</i>	(M) 84.173	2013-4605-00-26-062-5440-51	977,899
TOTAL DEPARTMENT OF EDUCATION			\$ 985,540
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			\$ 985,540
OTHER PROGRAMS:			
<u>DEPARTMENT OF AGRICULTURE</u>			
Rural Cooperative Development Grants <i>Rural Cooperative and Economic Development Center</i>	10.771	None	\$ 68
TOTAL DEPARTMENT OF AGRICULTURE			\$ 68

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

SCHEDULE 1
(CONTINUED)

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2013 Expenditures
OTHER PROGRAMS: (Continued)			
<u>DEPARTMENT OF COMMERCE</u>			
Low-Power Television and Translator Digital-to-Analog Conversion Program Passed-Through Public Broadcasting Service <i>WARN Phase 2 Generator</i>	11.553	5151W1060671	\$ 4,950
TOTAL DEPARTMENT OF COMMERCE			\$ 4,950
<u>DEPARTMENT OF DEFENSE</u>			
Procurement Technical Assistance For Business Firms Passed-Through Illinois Department of Commerce and Economic Opportunity <i>IL Procurement Technical Assistance Center FY13</i>	12.002	13-601104	\$ 34,000
TOTAL DEPARTMENT OF DEFENSE			\$ 34,000
<u>DEPARTMENT OF JUSTICE</u>			
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus <i>Relationship Violence Awareness and Prevention Initiative</i>	16.525	2010WAA0004	\$ 100,224
Enforcing Underage Drinking Laws Program Passed-Through Eastern Illinois University <i>IDHS EUDL FY13</i>	16.727	13-04	8,837
TOTAL DEPARTMENT OF JUSTICE			\$ 109,061
<u>DEPARTMENT OF TRANSPORTATION</u>			
Formula Grants for Rural Areas Passed-Through Illinois Department of Transportation <i>Interagency Coordinating Council on Transportation Program Coordination & Monitoring to Assist with the Development & Implementation of ARRA Funded Capital Projects</i>	(M) 20.509	IL-1818X025	\$ 28,005
<i>Rural Transit Assistance Center FY10-12</i>	(M) 20.509	PROJ 10-15	127,804
<i>Rural Transit Assistance Center FY13-15</i>	(M) 20.509	IL-18-X026	69,054
	(M) 20.509	DPIT-RTAC-13BOB30	418,927
			643,790
Passed-Through City of Macomb, IL <i>Go West Transit</i>	(M) 20.509	None	221,281
TOTAL DEPARTMENT OF TRANSPORTATION			\$ 865,071

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

SCHEDULE 1
(CONTINUED)

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2013 Expenditures
OTHER PROGRAMS: (Continued)			
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>			
Promotion of the Arts_Partnership Agreements			
Passed-Through Illinois Arts Council			
<i>Profile on Artists</i>	45.025	20111045	\$ 21
<i>Artists in Profile Series Support</i>	45.025	20121047	<u>10,250</u>
TOTAL NATIONAL ENDOWMENT FOR THE ARTS			<u>\$ 10,271</u>
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>			
Promotion of the Humanities_Public Programs			
Passed-Through American Library Association			
<i>Let's Talk About It: Making Sense of the American Civil War</i>	45.164	216	<u>\$ 28</u>
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			<u>\$ 28</u>
<u>SMALL BUSINESS ADMINISTRATION</u>			
Small Business Development Centers			
Passed-Through Illinois Department of Commerce & Economic Opportunity			
<i>SBDC CY13</i>	59.037	13-181127	\$ 55,384
<i>SBDC CY12</i>	59.037	12-561127	71,815
<i>Small Business Jobs Act</i>	59.037	11-081127	<u>66,679</u>
			<u>193,878</u>
Congressional Grants			
<i>SBDC Congressional Grant</i>	59.059	SBAHQ-10-I-0170	<u>50,485</u>
TOTAL SMALL BUSINESS ADMINISTRATION			<u>\$ 244,363</u>
<u>DEPARTMENT OF EDUCATION</u>			
Adult Education - Basic Grants to States			
Passed-Through Illinois Community College Board			
<i>Central Illinois Adult Education Service Center - 2013</i>	(M) 84.002	AEL13006	\$ 371,519
<i>I-Pathways - 2013</i>	(M) 84.002A	AEL13008	239,444
<i>Data and Information System Illinois (DAISI) - 2013</i>	(M) 84.002A	AEL13007	248,979
<i>ICCB - Curriculum Publications Clearinghouse - 2012</i>	(M) 84.002A	AEL12002	(1)
<i>ICCB - Curriculum Publications Clearinghouse - 2013</i>	(M) 84.002A	AEL13002	108,045
<i>Career and Academic Readiness System FY13</i>	(M) 84.002A	AEL13011	16,497
<i>Basic Skills - 2013</i>	(M) 84.002A	CTEL 13009	<u>3,500</u>
			<u>987,983</u>
Career and Technical Education -- Basic Grants to States			
Passed-Through Illinois State University			
<i>Making Hands on Learning Meaningful to Students Action</i>			
<i>Learning Theory & CTE</i>	84.048	RSP11D249.02	<u>2,900</u>

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

SCHEDULE 1
(CONTINUED)

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2013 Expenditures
OTHER PROGRAMS: (Continued)			
<u>DEPARTMENT OF EDUCATION (Continued)</u>			
Fund for the Improvement of Postsecondary Education Passed-Through Western Kentucky University <i>Alliance to Enhance Entrepreneurial Impact to Stimulate Economic Growth among Underserved Groups in N. America</i>	84.116N	WKURF 524549-09-01	31,225
Bilingual Education Professional Development <i>Project Estrella</i>	84.195N	T195N070388	44,619
Fund for the Improvement of Education Passed-Through Regional Office of Education No. 26 <i>Disseminating Traditional American History to Teachers</i>	84.215X	U215X080056	29,631
Mathematics and Science Partnerships Passed-Through Illinois State Board of Education <i>Western Illinois Mathematics Teacher Transformation Institute (WI-MTTI)</i>	84.366B	2012-4936-40-26-062-5440-51	60,435
<i>Western Illinois Mathematics Teacher Transformation Institute (WI-MTTI) Year 2</i>	84.366B	2013-4936-40-26-062-5440-51	45,418
			105,853
TOTAL DEPARTMENT OF EDUCATION			\$ 1,202,211
<u>UNITED STATES INSTITUTE OF PEACE</u>			
Public Education for Peacebuilding Awards Program <i>Public Education for Peacebuilding Project</i>	91.004	None	\$ 2,000
TOTAL UNITED STATES INSTITUTE OF PEACE			\$ 2,000
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Temporary Assistance for Needy Families Passed-Through Illinois Department of Human Services <i>Low Income Degree Scholarship Program 11-12</i>	93.558	81XQ967000	\$ 51
<i>Low Income Degree Scholarship Program 12-13</i>	93.558	FCSRG00289	253,638
			253,689
Children's Justice Grants to States Passed-Through Louisiana Department of Children and Family Services <i>Revisions to Interactive Module for Louisiana Mandated Reporters</i>	93.643	717200	4,880
Passed-Through Illinois Department of Children and Family Services <i>DCFS Web Based Training System</i>	93.643	751359013	5,434
			10,314

State of Illinois
Western Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

SCHEDULE 1
(CONTINUED)

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2013 Expenditures
OTHER PROGRAMS: (Continued)			
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>			
Child Abuse and Neglect State Grants Passed-Through Illinois Department of Children and Family Services <i>DCFS Web Based Training System</i>	93.669	751359013	7,566
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			\$ 271,569
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
AmeriCorps Passed-Through Illinois Department of Human Services <i>AmeriCorps Project 11-12</i>	94.006	11GQ01943	\$ 69,973
<i>AmeriCorps Project 12-13</i>	94.006	FCSRE01222	69,189
			<u>139,162</u>
Volunteers in Service to America <i>Community Outreach Support</i>	94.013	06VSNIL008	23,000
<i>Vista Community Outreach</i>	94.013	13VSNIL001	7,796
			<u>30,796</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 169,958
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
Homeland Security Grant Program Passed-Through Illinois Law Enforcement Training and Standards Board <i>Homeland Security Federal Fiscal Year 10 Funds</i>	(M) 97.067	None	\$ 19,142
<i>Homeland Security Federal Fiscal Year 11 Funds</i>	(M) 97.067	None	359,105
			<u>378,247</u>
Degrees at a Distance Program <i>Degrees at a Distance Year 10</i>	97.103	EMW-2011-CA-K00061-501	830
TOTAL DEPARTMENT OF HOMELAND SECURITY			\$ 379,077
<u>UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT</u>			
USAID Development Partnerships for University Cooperation and Development Passed-Through Association Liaison Office <i>Capacity Building in Southern Mexico - Part II</i>	98.012	AEG-A-00-05-00007-00	\$ (4,313)
TOTAL UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT			\$ (4,313)
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 106,935,218

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

SCHEDULE 1
(CONTINUED)

State of Illinois
Western Illinois University
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

NOTE 1 - BACKGROUND

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

Summary of Significant Accounting Policies - Basis of Presentation

The SEFA includes the federal awards activity of the University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - STUDENT LOAN PROGRAM ADMINISTERED BY THE UNIVERSITY

The University administered the following federal loan program during the year ended June 30, 2013:

Perkins Loan Program CFDA No. 84.038

Outstanding balance, July 1, 2012	<u>\$ 2,278,253</u>
Additions:	
Interest income	40,995
Contributions	14,641
Total additions	<u>55,636</u>
Deductions:	
Loans cancelled or written-off	29,295
Allowance for uncollectible adjustment	21,000
Administrative charges	55,931
Collection agency fees, net	43
Litigation costs	22,142
Total deductions	<u>128,411</u>
Outstanding balance, June 30, 2013	<u>\$ 2,205,478</u>

**SCHEDULE 1
(CONTINUED)**

**State of Illinois
Western Illinois University
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013**

NOTE 3 - SUBRECIPIENTS

Of the federal expenditures presented in the SEFA, the University provided federal awards in the amount of \$400,457 to subrecipients in 2013 as follows:

<u>Grant/Program Title</u>	<u>CFDA Number</u>	<u>Reference Number</u>	<u>Provided To Subrecipients</u>
Basic Scientific Research	12.431	W15QKN-11-2-0008	\$ 347,194
Biological Sciences	47.074	DEB-0919510	27,811
AmeriCorps	94.006	11GQ01943/ FCSRE01222	31,578
USAID Development Partnerships for University Cooperation and Development	98.012	AEG-A-00-05-00007-00	<u>(6,126)</u>
Total			<u>\$ 400,457</u>

NOTE 4 - NON-CASH ASSISTANCE

The University did not receive any federal non-cash assistance during the fiscal year ended June 30, 2013.

NOTE 5 - INSURANCE

During fiscal year ended 2013, there was no federally funded insurance in effect.

SCHEDULE 2

**State of Illinois
Western Illinois University
Schedule of Net Appropriations, Expenditures and Lapsed Balances
Appropriations for Fiscal Year 2013
Fourteen Months Ended August 31, 2013**

Public Act No. 97-0729

APPROPRIATED FUNDS

EDUCATION ASSISTANCE FUND (007) (a)

Operational expenses

STATE COLLEGE AND UNIVERSITY TRUST FUND (417) (a)

Scholarships

GRAND TOTAL - ALL FUNDS

	Appropriations (Net of Transfers)	Expenditures		Lapse Period Expenditures July 1 - August 31	Total Expenditures	Balances Lapsed
		Through June 30, 2013 (b)	July 1 - August 31			
\$ 52,147,800	\$ 52,147,800	\$ 52,147,796	\$ -	\$ -	\$ 52,147,796	\$ 4
	20,000	-	20,000	20,000	20,000	-
	\$ 52,167,800	\$ 52,147,796	\$ 20,000	\$ 20,000	\$ 52,167,796	\$ 4

Notes:

- (a) The information reflected in this schedule was taken from the University's records and has been reconciled to the State Comptroller's records.
- (b) Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to vendors.

State of Illinois
Western Illinois University
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
For the Fiscal Years Ended June 30, 2013 and 2012

	Fiscal Year	
	2013	2012
	P.A. 97-0729	P.A. 97-0069 (b)
EDUCATION ASSISTANCE FUND (007) (a)		
Appropriations (net of transfers)	\$ 52,147,800	\$ 55,538,300
Expenditures		
Operational expenses	52,147,796	55,538,300
Total expenditures	<u>52,147,796</u>	<u>55,538,300</u>
Lapsed balances	<u>\$ 4</u>	<u>\$ -</u>
STATE COLLEGE AND UNIVERSITY TRUST FUND (417) (a)		
Appropriations (net of transfers)	\$ 20,000	\$ 10,000
Expenditures		
Scholarships	<u>20,000</u>	<u>10,000</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
GRAND TOTAL, ALL FUNDS		
Appropriations (net of transfers)	\$ 52,167,800	\$ 55,548,300
Expenditures	<u>52,167,796</u>	<u>55,548,300</u>
Lapsed balances	<u>\$ 4</u>	<u>\$ -</u>

Notes:

- (a) The information reflected in this schedule was taken from the University's records and has been reconciled to the State Comptroller's records.
- (b) FY 2012 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the University and submitted to the State Comptroller for payment after August.

SCHEDULE 4

**State of Illinois
Western Illinois University
Schedule of Changes in Capital Assets
For the Year Ended June 30, 2013**

	Balance June 30, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Non-depreciable capital assets:					
Land and land improvements	\$ 3,236,432	-	-	-	\$ 3,236,432
Works of art and historical treasures	486,569	-	-	-	486,569
Construction in progress	53,223,183	41,444,600	-	(44,778,934)	49,888,849
Total non-depreciable capital assets	56,946,184	41,444,600	-	(44,778,934)	53,611,850
Depreciable capital assets:					
Site improvements	34,630,368	1,006,894	-	8,361,874	43,999,136
Buildings and building improvements	262,495,681	4,331,759	(7,219,887)	36,417,060	296,024,613
Equipment	76,632,380	2,154,157	(1,047,426)	-	77,739,111
Total depreciable capital assets	373,758,429	7,492,810	(8,267,313)	44,778,934	417,762,860
Less accumulated depreciation:					
Site improvements	15,999,695	1,303,861	-	-	17,303,556
Buildings and building improvements	134,964,420	8,887,119	(4,663,978)	-	139,187,561
Equipment	69,260,310	2,442,231	(841,911)	-	70,860,630
Total accumulated depreciation	220,224,425	12,633,211	(5,505,889)	-	227,351,747
Total depreciable capital assets, net	153,534,004	(5,140,401)	(2,761,424)	44,778,934	190,411,113
Capital assets, net	\$ 210,480,188	\$ 36,304,199	\$ (2,761,424)	\$ -	\$ 244,022,963

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

SCHEDULE 5**State of Illinois
Western Illinois University
Comparative Schedule of Income Fund Revenues and Expenditures
For the Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
INCOME FUND		
REVENUES		
Registration fees	\$ 69,044,453	\$ 69,645,473
Other student charges	1,390,338	1,169,854
Fines	5,387	8,410
Finance charges	421,816	380,845
Interest	48,379	52,383
Extension	8,155,881	7,162,717
Other	504,869	732,795
Tuition and fees waived, faculty and staff	(3,765,565)	(4,069,100)
Tuition and fees waived, students	(3,661,434)	(4,005,910)
	<u>72,144,124</u>	<u>71,077,467</u>
EXPENDITURES		
Personal services	52,034,908	49,209,983
Contractual services	7,931,902	7,382,161
Travel	865,178	873,857
Commodities	1,172,252	1,188,063
Library books and equipment	2,146,036	2,466,276
Operation of automotive equipment	107,679	64,131
Telecommunications	353,521	308,602
Awards, grants, and matching funds	1,762,247	1,418,988
FICA/Medicare	500,539	633,561
Permanent improvements	514,935	37,778
Employment security	17,932	12,316
	<u>67,407,129</u>	<u>63,595,716</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 4,736,995</u>	<u>\$ 7,481,751</u>

SCHEDULE 6

State of Illinois
Western Illinois University
Comparative Schedule of Cash, Cash Equivalents and Investments at Fair Value
June 30, 2013 and 2012

	2013	2012
Cash and cash equivalents		
Cash on hand	\$ 82,307	\$ 63,046
Checking accounts		
Morton Community Bank (non-interest bearing)	145,906	208,202
Illinois Funds (2013, 0.075%; 2012, 0.072%)	70,124,592	78,701,293
Certificates of deposit		
First State Bank (2013, not applicable; 2012, 0.200%)	-	1,002,460
Morton Community Bank (2013, not applicable; 2012, 0.150%-0.200%)	-	4,500,116
Total cash and cash equivalents	70,352,805	84,475,117
Investments		
Certificates of deposit		
Morton Community Bank (2013, not applicable; 2012, 0.300-0.350%)	-	9,000,000
First State Bank (2013, not applicable; 2012, 0.550%)	-	4,021,405
Total investments	-	13,021,405
Total cash and cash equivalents and investments	\$ 70,352,805	\$ 97,496,522

**State of Illinois
Western Illinois University
Analysis of Significant Variations in Account Balances
For the Year Ended June 30, 2013**

A comparative schedule of significant variations in account balances (at least \$300,000 and 20% of the previous year) for the fiscal years ended June 30, 2013 and June 30, 2012 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2013	2012	AMOUNT	%
Investments	\$ -	\$ 13,021,405	\$ (13,021,405)	(100%)
Accrued payroll	16,313,865	8,258,300	8,055,565	98%

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

Investments

The decrease in investments is mainly due to the shift of University's investments to cash and cash equivalents during Fiscal Year 2013. Also, investments held for capital projects were liquidated throughout the fiscal year which contributed to the decline in the investment account of the University.

Accrued payroll

The increase in accrued payroll is due to the timing of pay schedules for payrolls at yearend. The monthly payroll at yearend was paid in July 2013; thus, increasing the liability at yearend.

SCHEDULE 8

State of Illinois
Western Illinois University
Analysis of Significant Variations in Operating and Nonoperating
Revenues and Expenses
For the Year Ended June 30, 2013

A comparative schedule of significant variations in operating and nonoperating revenues and expenses (at least \$300,000 and 20% of the previous year) for the fiscal years ended June 30, 2013 and June 30, 2012 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2013	2012	AMOUNT	%
Grants and contracts	\$9,833,111	\$14,043,801	\$ (4,210,690)	(30%)
Research	3,835,902	6,234,015	(2,398,113)	(38%)
Staff benefits	9,357,808	7,000,880	2,356,928	34%
On-behalf payments	80,402,307	62,873,406	17,528,901	28%
Gifts	434,795	1,170,607	(735,812)	(63%)
Loss on disposal of capital assets	2,641,282	255,246	2,386,036	935%
Interest on capital asset - related debt	1,428,757	1,842,451	(413,694)	(22%)
Capital State appropriations	6,187,500	8,963,918	(2,776,418)	(31%)

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

Grants and contracts

The decrease in grants and contracts revenue is attributable to a decrease in funding of federal and State grants in Fiscal Year 2013. In addition, a federal research and development grant which ended in Fiscal Year 2013 received a significant portion of its revenue in Fiscal Year 2012.

Research

The decrease in research expense is mainly attributable to a federal research and development grant which ended in Fiscal Year 2013. A significant portion of the expense for this grant was recorded in Fiscal Year 2012. The remaining expenditures were recorded in Fiscal Year 2013.

**State of Illinois
Western Illinois University
Analysis of Significant Variations in Operating and Nonoperating
Revenues and Expenses (Continued)
For the Year Ended June 30, 2013**

Staff benefits

The increase in staff benefits expense is mainly due to the increase in the annual adjustment to compensated absences for future payouts for sick and vacation leave during Fiscal Year 2013.

On-behalf payments

The increase in on-behalf payments is due to an increase in the required contributions, determined by an actuarial assessment, made by the State on the University's behalf to SURS and CMS.

Gifts

The decrease in revenue from gifts is mainly the result of a decrease in the capital assets purchased by the WIU Foundation and transferred to the University during Fiscal Year 2013.

Loss on disposal of capital assets

The increase in loss on disposal of capital assets is mainly the result of accounting transactions related to the decommissioning of Wetzel Hall in Fiscal Year 2013.

Interest on capital asset - related debt

The decrease in interest on capital asset - related debt is the result of the increase in capitalized interest during the fiscal year on debt-related projects. The capitalized interest reduced interest expense.

Capital State appropriations

The decrease in capital State appropriations is due to the decrease in capital funding provided by the Capital Development Board to the University during Fiscal Year 2013.

**State of Illinois
Western Illinois University
Analysis of Significant Lapse Period Spending
For the Year Ended June 30, 2013**

No appropriation line item had lapse period expenditures in excess of \$300,000 and 20% of total line item expenditures for the fourteen months ended August 31, 2013.

**State of Illinois
Western Illinois University
Analysis of Accounts Receivable
June 30, 2013 and 2012**

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

	2013	2012
Current unrestricted funds	\$ 7,846,602	\$ 6,655,176
Current restricted funds	2,487,723	2,413,863
Loan funds	-	299
Plant funds	218,682	232,364
Agency funds	-	97
Total accounts receivable (net)	\$ 10,553,007	\$ 9,301,799

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

	2013	2012
Accounts receivable - all funds, at gross	\$ 14,100,707	\$ 12,384,203
Less: allowance for uncollectible accounts	3,547,700	3,082,404
Total accounts receivable (net)	\$ 10,553,007	\$ 9,301,799

Accounts receivable aging was as follows:

	2013	2012
Receivables not past due	\$ 6,320,211	\$ 5,363,606
Past due receivables:		
1 day - 90 days	2,286,052	2,507,092
91 days - 180 days	-	37,000
181 days - 1 year	1,242,976	847,736
Over 1 year	4,251,468	3,628,769
Total receivables past due	7,780,496	7,020,597
Total receivables, at gross	\$ 14,100,707	\$ 12,384,203

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

Collection Policies for Accounts Receivables

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

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

SCHEDULE 11

**State of Illinois
Western Illinois University
Schedules of Federal Expenditures, Nonfederal Expenses and New Loans
For the Year Ended June 30, 2013**

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA	\$ 106,935,218
Total new loans made	- *
Amount of federal loan balances at beginning of the year	- *
Total Schedule A	<u>\$ 106,935,218</u>

Schedule B - Total Financial Component

Total operating expenses	\$ 301,303,008
Total nonoperating expenses	4,070,039
Total new loans made	79,747,894
Amount of federal loan balances at beginning of the year	<u>2,278,253</u>
Total Schedule B	<u>\$ 387,399,194</u>

Schedule C

Total Schedule A	\$ 106,935,218	27.6%
Total nonfederal expenses	<u>280,463,976</u>	<u>72.4%</u>
Total Schedule B	<u>\$ 387,399,194</u>	<u>100.0%</u>

* Loan amounts are included on SEFA schedule.

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

SCHEDULE 12**State of Illinois
Western Illinois University
Summary of Indirect Cost Reimbursements
Statement of Sources and Applications
For the Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
SOURCES		
Federal	\$ 383,770	\$ 544,855
State	352,476	376,520
Private	5,197	389
Other	197,054	249,745
	<u>938,497</u>	<u>1,171,509</u>
Total sources		
APPLICATIONS		
Research	135,143	196,691
Academic support	477,708	552,444
Institutional support	359,816	529,187
	<u>972,667</u>	<u>1,278,322</u>
Total applications		
DEFICIENCY OF SOURCES OVER APPLICATIONS	(34,170)	(106,813)
TRANSFERS AND OTHER DEDUCTIONS		
Transfers to other funds	(113,405)	(113,717)
	<u>(113,405)</u>	<u>(113,717)</u>
DEFICIENCY OF SOURCES OVER APPLICATIONS AFTER TRANSFERS AND OTHER DEDUCTIONS	(147,575)	(220,530)
FUND BALANCE, BEGINNING OF YEAR	<u>739,491</u>	<u>960,021</u>
FUND BALANCE, END OF YEAR	<u>\$ 591,916</u>	<u>\$ 739,491</u>

State of Illinois
Western Illinois University
Summary of Indirect Cost Reimbursements
Calculation Sheet for Indirect Cost Carry-Forward (Unaudited)
For the Year Ended June 30, 2013

1. Cash and cash equivalents balance

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

Add:

Cash.....	\$	657,859	
Cash equivalents.....	\$	-	
Bank deposits.....	\$	-	
Marketable securities.....	\$	-	
Certificates of deposit.....	\$	-	
Repurchase agreements.....	\$	-	
Other cash equivalent items.....	\$	-	
Interfund receivables.....	\$	-	\$ 657,859

2. Allocated Reimbursements

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

\$ 1,763,174; enter 30% of this amount..... \$ 528,952

3. Unallocated Reimbursements

Enter the lesser of the actual unallocated indirect cost reimbursements for the year completed OR 10% of total indirect cost allocations for the year completed.....

\$ -

4. Encumbrances and current liabilities

Paid in lapse period

Enter the amount of:

Current liabilities.....	\$	68,650
Encumbrances.....	\$	119,668
Total.....	\$	188,318

5. Indirect Cost Carry-forward

a. Enter the total of items 2, 3 and 4..... \$ 717,270

b. Subtract from item 1 \$ (59,411)

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

State of Illinois
 Western Illinois University
 Calculation of Current Excess Funds (Unaudited)
 June 30, 2013

	<u>Auxiliary Enterprises - Revenue Bond</u>		
	<u>University</u>	<u>Recreation</u>	<u>University</u>
	<u>Union</u>	<u>Facility</u>	<u>Housing</u>
			<u>and Dining</u>
CURRENT AVAILABLE FUNDS:			
Cash and cash equivalents (A)	\$ 2,158,960	\$ 500,072	\$ 1,288,205
WORKING CAPITAL ALLOWANCES:			
Highest month's expenditures	1,926,826	598,615	5,909,932
Encumbrances and current liabilities paid in lapse period	775,272	114,190	1,718,599
Refundable deposits/deferred income	28,899	70,983	546,639
Allowance for sick leave/vacation payouts	45,639	23,820	107,205
Total working capital allowances (B)	<u>2,776,636</u>	<u>807,608</u>	<u>8,282,375</u>
CURRENT EXCESS FUNDS:			
Deduct B from A (C)	<u>(617,676)</u>	<u>(307,536)</u>	<u>(6,994,170)</u>
CALCULATION OF INCOME FUND REMITTANCE:			
An entity may offset excess capital or current funds within the entity:			
Enter the amount to be offset (D)	<u>-</u>	<u>-</u>	<u>-</u>
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	<u>\$ (617,676)</u>	<u>\$ (307,536)</u>	<u>\$ (6,994,170)</u>

SCHEDULE 14
(CONTINUED)

State of Illinois
Western Illinois University
Calculation of Current Excess Funds (Unaudited)
June 30, 2013

	Public Service 02	Student Programs and Services 03	Instructional Resources and Services 04	University Stores and Service Centers 05	University Publications 06	Sponsored Credit Programs 08
CURRENT AVAILABLE FUNDS:						
Cash and cash equivalents	\$1,021,581	\$4,199,252	\$ 737,032	\$(1,474,640)	\$ 2,353	\$ 55,448
Interfund receivables	445	(1,485)	-	93,500	283	-
Total current available funds (A)	<u>1,022,026</u>	<u>4,197,767</u>	<u>737,032</u>	<u>(1,381,140)</u>	<u>2,636</u>	<u>55,448</u>
WORKING CAPITAL ALLOWANCES:						
Highest month's expenditures	717,032	3,928,920	623,965	1,061,511	7,543	21,281
Encumbrances and current liabilities paid in lapse period	376,560	566,964	191,565	497,366	-	16,042
Refundable deposits/deferred income	168,410	151,419	16,891	-	-	9,124
Total working capital allowances (B)	<u>1,262,002</u>	<u>4,647,303</u>	<u>832,421</u>	<u>1,558,877</u>	<u>7,543</u>	<u>46,447</u>
CURRENT EXCESS FUNDS:						
Deduct B from A (C)	<u>(239,976)</u>	<u>(449,536)</u>	<u>(95,389)</u>	<u>(2,940,017)</u>	<u>(4,907)</u>	<u>9,001</u>
CALCULATION OF INCOME FUND REMITTANCE:						
An entity may offset excess capital or current funds within the entity:						
Enter the amount to be offset (D)	<u>(92,664)</u>	<u>(298,563)</u>	<u>(369,241)</u>	<u>(44,921)</u>	<u>-</u>	<u>-</u>
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	<u>\$ (332,640)</u>	<u>\$ (748,099)</u>	<u>\$ (464,630)</u>	<u>\$ (2,984,938)</u>	<u>\$ (4,907)</u>	<u>\$ 9,001</u>

State of Illinois
Western Illinois University
Calculation of Current Excess Funds (Unaudited)
June 30, 2013

SCHEDULE 14
(CONTINUED)

	<u>Unique Charge</u>		<u>University</u>	<u>Auxiliary Enterprises</u>	
	<u>Geol Sum</u>	<u>RPTA</u>		<u>Parking</u>	<u>Transit</u>
	<u>Field Camp</u>	<u>Travel</u>	<u>Services</u>	<u>Operations</u>	<u>Fee</u>
	<u>07</u>	<u>07</u>	<u>12</u>	<u>11</u>	<u>13</u>
CURRENT AVAILABLE FUNDS:					
Cash and cash equivalents	\$ 6	\$ 3,807	\$ 406,225	\$ 291,457	\$ (72,500)
Interfund receivables	-	-	-	-	-
Total current available funds (A)	<u>6</u>	<u>3,807</u>	<u>406,225</u>	<u>291,457</u>	<u>(72,500)</u>
WORKING CAPITAL ALLOWANCES:					
Highest month's expenditures	-	-	491,456	91,095	390,280
Encumbrances and current liabilities paid in lapse period	-	741	139,709	28,805	70,523
Refundable deposits/deferred income	-	-	-	-	5,610
Total working capital allowances (B)	<u>-</u>	<u>741</u>	<u>631,165</u>	<u>119,900</u>	<u>466,413</u>
CURRENT EXCESS FUNDS:					
Deduct B from A (C)	<u>6</u>	<u>3,066</u>	<u>(224,940)</u>	<u>171,557</u>	<u>(538,913)</u>
CALCULATION OF INCOME FUND REMITTANCE:					
An entity may offset excess capital or current funds within the entity:					
Enter the amount to be offset (D)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(219,211)</u>	<u>-</u>
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	<u>\$ 6</u>	<u>\$ 3,066</u>	<u>\$ (224,940)</u>	<u>\$ (47,654)</u>	<u>\$ (538,913)</u>

**State of Illinois
Western Illinois University
For the Year Ended June 30, 2013**

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

Indirect Cost

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

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

Public Service

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

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

Student Programs and Services

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

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

Instructional Resources and Services

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

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

University Stores and Service Centers

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

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

State of Illinois
Western Illinois University
For the Year Ended June 30, 2013

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

University Publications

Source: Subscriptions and charges for University-sponsored publications.

Purpose: Preparation, promotion and distribution of University publications.

Unique Charge Programs

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

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

Sponsored Credit Programs

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

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

Unrestricted Gifts

Source: Unrestricted gifts received by the University

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

Compensated Absences

Source: None

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

State of Illinois
Western Illinois University
For the Year Ended June 30, 2013

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

Auxiliary Enterprises - Revenue Bond Fund

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

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

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

Auxiliary Enterprises - Other

The Auxiliary Enterprises - Other consists of the transit system, parking operations and the Quad Cities Bookstore.

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

Purpose: To operate the transit system, parking operations and Quad Cities Bookstore.

University Services

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

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

State of Illinois
 Western Illinois University
 Current Funds, Unrestricted, Other
 Balance Sheet by Entity
 June 30, 2013

	Indirect Cost	Public Service	Student Programs and Services	Instructional Resources and Services	University Stores and Service Centers	University Publications	Unique Charge Programs	Sponsored Credit Programs	Unrestricted Gifts	Compensated Absences for All Entities	University Services	Total
ASSETS												
Cash and temporary cash investments	\$657,859	\$ 1,020,481	\$4,192,947	\$ 736,857	\$ (1,485,705)	\$ 2,353	\$ 82,489	\$ 55,448	\$ 19,961	\$1,981,008	\$ 406,225	\$ 7,669,923
Cash, change funds	-	1,100	6,305	175	11,065	-	-	-	-	-	-	18,645
Accounts receivable, net	2,707	40,336	555,562	61,002	135,251	283	-	-	-	-	20	795,161
Inventories	-	2,008	38,850	45,995	1,123,570	-	-	-	-	-	-	1,210,423
Other	-	-	-	-	-	-	-	-	-	-	-	-
Investment in plant:												
Equipment	-	60,627	240,767	308,354	620,458	-	-	-	-	-	-	1,230,206
Building	-	-	268,480	-	84,650	-	-	-	-	-	120,407	473,537
Construction in progress	-	-	-	-	137,560	-	-	-	-	-	-	137,560
TOTAL ASSETS	660,566	1,124,552	5,302,911	1,152,383	626,849	2,636	82,489	55,448	19,961	1,981,008	526,652	11,535,455
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accrued payroll	37,030	295,975	257,569	26,563	173,955	-	3,956	11,952	-	-	139,243	946,243
Accounts payable	31,620	46,644	230,038	80,409	221,679	-	32,938	3,169	308	-	466	647,271
Accrued compensated absences	-	-	-	-	-	-	-	-	-	1,069,446	-	1,069,446
Deferred revenues	-	168,410	151,419	16,891	-	-	56,937	9,124	-	-	-	402,781
Installment purchases payable	-	-	-	-	34,649	-	-	-	-	-	-	34,649
Total liabilities	68,650	511,029	639,026	123,863	430,283	-	93,831	24,245	308	1,069,446	139,709	3,100,390
FUND BALANCES												
Current unrestricted	591,916	460,652	3,855,450	350,925	(653,343)	2,636	(11,342)	31,203	19,653	911,562	266,966	5,826,278
Renewals and replacements	-	92,664	298,563	369,241	44,920	-	-	-	-	-	-	805,388
Net investment in plant	-	60,207	509,872	308,354	804,989	-	-	-	-	-	119,977	1,803,399
Total fund balances (deficit)	591,916	613,523	4,663,885	1,028,520	196,566	2,636	(11,342)	31,203	19,653	911,562	386,943	8,435,065
TOTAL LIABILITIES AND FUND BALANCES	\$660,566	\$ 1,124,552	\$ 5,302,911	\$ 1,152,383	\$ 626,849	\$ 2,636	\$ 82,489	\$ 55,448	\$ 19,961	\$ 1,981,008	\$ 526,652	\$ 11,535,455

State of Illinois
 Western Illinois University
 Current Funds, Unrestricted, Other
 Statement of Revenues, Expenditures and Changes in Fund Balances by Entity
 For the Year Ended June 30, 2013

	Indirect Cost	Public Service	Student Programs and Services	Instructional Resources and Services	University Stores and Service Centers	University Publications	Unique Charge Programs	Sponsored Credit Programs	Unrestricted Gifts	Compensated Absences for All Entities	University Services	Total
REVENUES AND OTHER ADDITIONS												
Fees and dues	\$ -	\$ 766,224	\$ 12,714,122	\$ 1,938,197	\$ 2,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,421,018
Indirect cost recovery	836,770	-	-	-	-	-	-	-	-	-	-	836,770
Investment income	344	450	2,559	158	206	-	-	6	31	1,294	363	5,411
Sales and subscriptions	430	115,454	294,552	257,319	3,326,281	6,260	-	-	-	-	-	4,000,296
Charges for services	81,975	2,326,635	1,221,649	48,150	3,564,995	75	557,247	225,266	-	-	7,060	8,033,052
Athletic guarantees	-	-	584,050	-	-	-	-	-	-	-	-	584,050
Other	3,934	11,329	853,960	80,351	269,953	3,092	294	-	6,950	-	(11,848)	1,218,015
Grants	15,044	48,399	7,428	-	130,000	2,283	2,715	-	88,395	-	-	294,264
Expended for plant facilities	39,152	30,495	46,886	246,631	105,732	-	-	-	-	-	-	468,896
Other fixed asset additions	4,400	-	6,200	-	109,201	-	-	-	-	-	-	119,801
Total revenues and other additions	982,049	3,298,986	15,731,406	2,570,806	7,508,843	11,710	560,256	225,272	95,376	1,294	(4,425)	30,981,573
EXPENDITURES AND OTHER DEDUCTIONS												
Cost of sales	-	42,238	82,897	22,658	3,297,296	-	2,971	-	-	-	-	3,448,060
Personal services	86,257	2,280,298	3,822,927	591,694	1,664,435	-	10,599	50,588	78,115	-	2,517,576	11,102,489
Contractual services	408,914	509,663	3,913,565	640,409	394,256	108	452,283	25,577	7,629	-	534,196	6,886,600
Telecommunications	2,450	24,768	232,669	30,357	408,866	-	284	-	-	-	3,873	703,267
Travel	59,327	40,011	226,889	25,402	372,647	-	30,899	9,535	2,324	-	3,367	770,401
Retirement	3,613	-	288	-	-	-	-	-	-	-	-	3,901
Group insurance	-	-	1,187	-	-	-	-	-	-	-	-	1,187
Commodities	55,013	92,142	992,897	397,217	390,943	7,934	22,221	(786)	5,031	-	15,831	1,978,443
Equipment	308,962	147,951	212,943	439,360	166,422	270	-	4,552	722	-	7,048	1,288,230
Scholarships	-	500	2,470,399	3,629	-	-	-	15,352	2,500	-	-	2,492,380
Compensated absences adjustment	-	-	-	-	-	-	-	-	-	39,587	-	39,587
Athletic guarantees	-	-	140,414	-	-	-	-	-	-	-	-	140,414
Other	48,131	208,657	2,530,430	157,842	396,017	585	151	89,309	1,530	-	(3,059,926)	372,726
Other fixed asset deductions	-	21,519	159,433	70,246	247,928	-	-	-	-	-	-	508,659
Total expenditures and other deductions	972,667	3,367,747	14,786,938	2,378,814	7,338,810	8,897	519,408	194,127	97,851	39,587	31,498	29,736,344
NET INCREASE (DECREASE) IN FUND BALANCES BEFORE TRANSFERS	9,382	(68,761)	944,468	191,992	170,033	2,813	40,848	31,145	(2,475)	(38,293)	(35,923)	1,245,229
TRANSFERS												
Transfers from (to) other funds, current funds	(113,405)	-	300	(12,650)	(30,000)	-	(300)	-	-	-	-	(156,055)
Transfers from (to) other funds, plant funds	(43,552)	(2,065)	(5,451)	12,650	50,167	-	-	-	-	-	-	11,749
Transfers for installment purchase payments	-	-	-	-	(76,553)	-	-	-	-	-	-	(76,553)
Total transfers	(156,957)	(2,065)	(5,151)	-	(56,386)	-	(300)	-	-	-	-	(220,859)
NET INCREASE (DECREASE) FOR THE YEAR	(147,575)	(70,826)	939,317	191,992	113,647	2,813	40,548	31,145	(2,475)	(38,293)	(35,923)	1,024,370
FUND BALANCES (DEFICIT), BEGINNING OF YEAR												
	739,491	684,349	3,724,568	836,528	82,919	(177)	(51,890)	58	22,128	949,855	422,866	7,410,695
FUND BALANCES (DEFICIT), END OF YEAR	\$ 591,916	\$ 613,523	\$ 4,663,885	\$ 1,028,520	\$ 196,566	\$ 2,636	\$ (11,342)	\$ 31,203	\$ 19,653	\$ 911,562	\$ 386,943	\$ 8,435,065

SCHEDULE 18

**State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Other
Balance Sheet by Entity
June 30, 2013**

	Parking Operations	Transit Fee	Quad Cities Bookstore	Total
ASSETS				
Cash and temporary cash investments	\$ 291,157	\$ (72,625)	\$ 125	\$ 218,657
Change funds	300	-	-	300
Accounts receivable, net	61,716	211,070	-	272,786
Investment in plant:				
Buildings	20,651	-	-	20,651
Site improvements	1,444,111	102,162	-	1,546,273
Equipment	15,633	45,128	-	60,761
Construction in progress	6,750	-	-	6,750
TOTAL ASSETS	1,840,318	285,735	125	2,126,178
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued payroll	28,805	5,514	-	34,319
Accounts payable	-	65,009	-	65,009
Deferred revenues	-	5,610	-	5,610
Total liabilities	28,805	76,133	-	104,938
FUND BALANCES				
Current funds	105,157	62,312	125	167,594
Renewals and replacements	219,211	-	-	219,211
Net investment in plant	1,487,145	147,290	-	1,634,435
Total fund balances	1,811,513	209,602	125	2,021,240
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,840,318	\$ 285,735	\$ 125	\$ 2,126,178

State of Illinois
 Western Illinois University
 Auxiliary Enterprise Funds - Other
 Statement of Revenues, Expenditures and Changes in Fund Balances by Entity
 For the Year Ended June 30, 2013

	Parking Operations	Transit Fee	Quad Cities Bookstore	Total
REVENUES AND OTHER ADDITIONS				
Sales and services	\$ 485,665	\$ 1,091,513	\$ -	\$ 1,577,178
Fees	-	731,456	-	731,456
Investment income	99	43	-	142
Fines	282,733	-	-	282,733
Other revenues	19	4,443	132	4,594
Expended for plant facilities	120,323	109,668	-	229,991
Total revenues and other additions	888,839	1,937,123	132	2,826,094
EXPENDITURES AND OTHER DEDUCTIONS				
Personal services	560,386	74,389	-	634,775
Contractual services	35,696	1,163,623	-	1,199,319
Commodities	30,848	20,023	-	50,871
Permanent improvements	40,770	89,670	-	130,440
Equipment	13,870	21,324	-	35,194
Travel	75	2,173	-	2,248
Telecommunications	3,249	2,900	-	6,149
Other expenditures	59,584	594,238	7	653,829
Expended for plant facilities	79,553	-	-	79,553
Expended for renewals and replacements	3,575	-	-	3,575
Other fixed asset deductions	85,498	13,472	-	98,970
Total expenditures and other deductions	913,104	1,981,812	7	2,894,923
NET INCREASE (DECREASE) IN FUND BALANCES BEFORE TRANSFERS	(24,265)	(44,689)	125	(68,829)
TRANSFERS				
Transfers to other funds, current funds	(28,600)	-	-	(28,600)
Transfers from other funds, plant funds	28,600	-	-	28,600
Total transfers	-	-	-	-
NET INCREASE (DECREASE) FOR THE YEAR	(24,265)	(44,689)	125	(68,829)
FUND BALANCES, BEGINNING OF YEAR	1,835,778	254,291	-	2,090,069
FUND BALANCES, END OF YEAR	\$ 1,811,513	\$ 209,602	\$ 125	\$ 2,021,240

State of Illinois
 Western Illinois University
 Auxiliary Enterprise Funds - Revenue Bonds
 Balance Sheet by Entity
 June 30, 2013

	University Union	Recreation Facility	University Housing & Dining	Total
ASSETS				
Current funds:				
Cash and investments	\$ 2,158,960	\$ 500,072	\$ 1,288,205	\$ 3,947,237
Accounts and interest receivable, less allowance for doubtful accounts of \$1,839,600	585,477	159,012	1,820,113	2,564,602
Inventories	1,434,607	17,859	-	1,452,466
Equipment, net	5,788	-	-	5,788
Total assets, current funds	4,184,832	676,943	3,108,318	7,970,093
Plant funds:				
Cash - retirement of indebtedness	51,596	51,289	784,734	887,619
Cash and investments - renewals and replacements	2,876,851	(870,798)	14,358,640	16,364,693
Cash and investments - construction funds	4,883,340	107	2,754,988	7,638,435
Investment in plant, net:				
Land, buildings, and improvements	2,438,716	13,299,238	65,943,183	81,681,137
Equipment	67,029	270,851	455,131	793,011
Construction in progress	1,977,266	-	30,208,726	32,185,992
Bond issuance costs	90,132	75,354	1,198,709	1,364,195
Total assets, plant funds	12,384,930	12,826,041	115,704,111	140,915,082
TOTAL ASSETS	16,569,762	13,502,984	118,812,429	148,885,175
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Current funds:				
Accrued payroll	142,798	89,611	507,762	740,171
Accounts payable	614,318	21,120	1,204,526	1,839,964
Deferred revenues	28,899	70,983	546,639	646,521
Accrued compensated absences	316,685	165,287	743,882	1,225,854
Total liabilities, current funds	1,102,700	347,001	3,002,809	4,452,510
FUND BALANCES				
Fund balances, reserve for operations	3,082,132	329,942	105,509	3,517,583
Total liabilities and fund balances, current funds	4,184,832	676,943	3,108,318	7,970,093
LIABILITIES				
Plant funds:				
Accounts payable and accrued payroll	796,864	29,749	4,247,629	5,074,242
Accrued interest	49,995	51,288	775,662	876,945
Revenue bonds payable	5,368,850	4,823,452	66,554,515	76,746,817
Total liabilities, plant funds	6,215,709	4,904,489	71,577,806	82,698,004
FUND BALANCES				
Retirement of indebtedness	91,732	75,354	1,207,781	1,374,867
Renewals, replacements reserve	2,823,115	(900,547)	13,863,728	15,786,296
Project construction fund	(533,753)	107	(16,459,936)	(16,993,582)
Investment in plant, net	3,788,127	8,746,638	45,514,732	58,049,497
Total fund balances, plant funds	6,169,221	7,921,552	44,126,305	58,217,078
Total liabilities and fund balances, plant funds	12,384,930	12,826,041	115,704,111	140,915,082
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,569,762	\$ 13,502,984	\$ 118,812,429	\$ 148,885,175

SCHEDULE 21

State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Revenue Bonds
Statement of Revenues, Expenditures and Changes in Fund Balances by Entity
For the Year Ended June 30, 2013

	University Union	Recreation Facility	University Housing & Dining	Total
REVENUES				
Room and board	\$ -	\$ -	\$ 34,795,183	\$ 34,795,183
Graduate and family housing	-	-	425,032	425,032
Sales and services	4,601,453	558,219	2,379,768	7,539,440
Student fees	3,184,398	3,286,023	726,688	7,197,109
Investment income	15,609	7,295	78,980	101,884
Other	153,237	85,340	1,717,625	1,956,202
Total revenues	7,954,697	3,936,877	40,123,276	52,014,850
OPERATING EXPENDITURES				
Cost of merchandise sold	3,069,630	51,752	-	3,121,382
Personal services:				
Student	203,958	305,557	1,682,691	2,192,206
Regular	2,199,243	1,304,509	7,336,323	10,840,075
Compensated absences	23,217	13,772	77,449	114,438
Fringe benefits	60,170	33,159	267,613	360,942
Food service and catering	32,648	1,238	15,006,248	15,040,134
Contractual services	187,604	61,228	728,049	976,881
Supplies	73,523	86,286	302,270	462,079
Travel	8,683	9,757	51,047	69,487
Utilities	307,704	198,871	3,188,600	3,695,175
Telephone	17,995	5,533	78,802	102,330
Repairs and maintenance	104,792	90,697	692,329	887,818
Insurance	17,741	8,938	144,216	170,895
Other financial	50,382	3,194	17,040	70,616
Equipment	55,965	117,637	1,174,023	1,347,625
Bad debts	21,278	16,819	529,141	567,238
Administrative support	294,626	143,908	1,457,302	1,895,836
Miscellaneous	141,676	53,052	509,393	704,121
Total operating expenditures	6,870,835	2,505,907	33,242,536	42,619,278
EXCESS OF REVENUES OVER OPERATING EXPENDITURES	\$ 1,083,862	\$ 1,430,970	\$ 6,880,740	\$ 9,395,572

State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Revenue Bonds
Statement of Revenues, Expenditures and Changes in Fund Balances by Entity
For the Year Ended June 30, 2013

SCHEDULE 21
(CONTINUED)

	<u>University Union</u>	<u>Recreation Facility</u>	<u>University Housing & Dining</u>	<u>Total</u>
TRANSFERS				
Transfers for principal and interest	\$ (496,065)	\$ (739,478)	\$ (6,209,874)	\$ (7,445,417)
Transfers for renewals, replacements, deferred maintenance and equipment reserve	(583,277)	(686,006)	(694,618)	(1,963,901)
Total transfers	<u>(1,079,342)</u>	<u>(1,425,484)</u>	<u>(6,904,492)</u>	<u>(9,409,318)</u>
NET INCREASE (DECREASE) FOR THE YEAR	4,520	5,486	(23,752)	(13,746)
FUND BALANCES, BEGINNING OF YEAR	<u>3,077,612</u>	<u>324,456</u>	<u>129,261</u>	<u>3,531,329</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,082,132</u>	<u>\$ 329,942</u>	<u>\$ 105,509</u>	<u>\$ 3,517,583</u>

State of Illinois
Western Illinois University
Auxiliary Enterprise Funds - Revenue Bonds
Plant Funds Statement of Changes in Fund Balances by Entity
For the Year Ended June 30, 2013

	<u>University Union</u>	<u>Recreation Facility</u>	<u>University Housing & Dining</u>	<u>Total</u>
Retirement of indebtedness				
Fund balances, July 1, 2012	\$ 97,590	\$ 83,433	\$ 1,288,596	\$ 1,469,619
Bond issuance expenditures	(5,858)	(8,079)	(75,073)	(89,010)
Retirement of bonds	(285,958)	(517,997)	(3,036,045)	(3,840,000)
Interest paid, bonds	(210,107)	(221,481)	(3,173,829)	(3,605,417)
Mandatory debt retirement transfer	496,065	739,478	6,209,874	7,445,417
Transfers (net)	-	-	(5,742)	(5,742)
Fund balances, June 30, 2013	<u>\$ 91,732</u>	<u>\$ 75,354</u>	<u>\$ 1,207,781</u>	<u>\$ 1,374,867</u>
Renewals, replacements, def. maint. and equipment reserve				
Fund balances (deficits), July 1, 2012	\$ 3,414,392	\$ (1,404,273)	\$ 17,950,786	\$ 19,960,905
Transfers from current funds	583,277	686,006	694,618	1,963,901
Miscellaneous income	-	-	6,441	6,441
Expenditures for renewals and replacements	(1,174,554)	(182,280)	(4,788,117)	(6,144,951)
Fund balances (deficits), June 30, 2013	<u>\$ 2,823,115</u>	<u>\$ (900,547)</u>	<u>\$ 13,863,728</u>	<u>\$ 15,786,296</u>
Project construction fund				
Fund balances (deficits), July 1, 2012	\$ (50,460)	\$ 683	\$ (20,644,518)	\$ (20,694,295)
Investment income	14,338	-	62,016	76,354
Retirement of bonds	181,676	-	763,324	945,000
Capitalized interest	172,484	-	2,228,438	2,400,922
Discount amortization	25,822	-	108,493	134,315
Expenditures for renewals and replacements	(877,613)	(576)	(24,493,431)	(25,371,620)
Transfers (net)	-	-	25,515,742	25,515,742
Fund balances (deficits), June 30, 2013	<u>\$ (533,753)</u>	<u>\$ 107</u>	<u>\$ (16,459,936)</u>	<u>\$ (16,993,582)</u>
Investment in plant (net)				
Fund balances, July 1, 2012	\$ 1,775,039	\$ 8,641,103	\$ 50,622,986	\$ 61,039,128
Retirement of bonds	104,283	537,143	2,253,574	2,895,000
Additions to plant	2,101,989	99,163	26,576,990	28,778,142
Depreciation	(190,315)	(506,577)	(3,950,365)	(4,647,257)
Gifts and other (additions and deductions to fixed assets)	-	(5,217)	(2,170,121)	(2,175,338)
Discount amortization	616	(365)	95,837	96,088
Refund amortization	(3,485)	(18,612)	(59,445)	(81,542)
Transfers (net)	-	-	(27,854,724)	(27,854,724)
Fund balances, June 30, 2013	<u>\$ 3,788,127</u>	<u>\$ 8,746,638</u>	<u>\$ 45,514,732</u>	<u>\$ 58,049,497</u>

**State of Illinois
Western Illinois University
Analysis of Operations (Unaudited)
For the Year Ended June 30, 2013**

University Functions and Planning Program (Unaudited)

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

The University developed various institutional planning programs to guide implementation of the University's vision, mission, values, goals and priorities. These programs include the University's *Higher Values in Higher Education 2012-2022* Strategic Plan, Campus Master Plans, Institutional Strategic Plan for Technology, and institutional accreditation reporting for the Higher Learning Commission - North Central Association of Colleges and Schools. The following shows a brief description of the institutional plans:

- The University developed a strategic plan (*Higher Values in Higher Education 2008-2018 which was recently updated by the HVHE 2012 to 2022 edition*) that guides its daily operations, planning and resource allocation in support of academic mission and service operations. The Strategic Plan is a ten-year long term vision for the University which was endorsed by all campus governance groups and approved for implementation by the University Board of Trustees. The University holds itself accountable to advancing the priorities and goals of the University's Strategic Plan by means of monthly/annual updates and each spring, the Vice Presidents and areas that report to the President present an overview of their areas accomplishments and plans in an open two-day forum and provide a consolidated annual report of their accomplishments, plans and budget requests. In the new HVHE edition, goals were aligned directly with the University's core values, to recognize the emphasis the University places in demonstrating these values.
- The University's Board of Trustees approved *Campus Master Plans* for the Macomb and Quad Cities campuses in March 2007 and June 2006, respectively. Both *Campus Master Plans* identify general (macro) parameters for the future physical development of new and existing facilities, grounds, technology, and infrastructure to support the academic mission and service operations of the University. The University has also developed specific implementation plans that are carefully aligned to *Campus Master Plans*. These component plans include the *University Housing and Dining Master Plan*, *Target Western Forward Plan* for athletic facilities, *Institutional Strategic Plan for Technology* and the *Utilities and Infrastructure Master Plan*. The *Campus Master Plan Updates* document institutional master plan accomplishments annually.

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2013

University Functions and Planning Program (Unaudited) (Continued)

- The University's Board of Trustees unanimously approved in October 2013, the *2013-2018 Information Technology Strategic Plan* at the University. The technology plan aims to provide state-of-the-art technology and service to support the academic mission and service operations of the University. University Technology supports comprehensive voice, video, and data networks, and provides institutional support to end users, who are supported by the Center for Application of Information Technologies, Center for Innovation Teaching and Research, departmental and college representatives, Electronic Student Services, and Administrative Information Management Systems. The Institutional Strategic Plan for Technology website contains the University's plan for technology, as well as annual accountability reports. The Board of Trustees receives progress reports on the status of the technology plan.
- The University is fully accredited by the Higher Learning Commission - North Central Association of Colleges and Schools (Commission). Receiving institutional accreditation by the Commission is designed to provide assurance to the public, and particularly to prospective students, that the University meets clearly stated criteria and that there are reasonable grounds for believing that it will continue to meet them. Institutional accreditation is also required for the University to receive and disperse federal Title IV financial aid and assures that University credit hours and degrees are transferable to other accredited institutions of higher education. The University was first accredited in 1913 and accreditation has been continuous since that time. During the February 2011 on-site visit, the On-Site Review Team re-affirmed Western Illinois University's accreditation with the next comprehensive visit scheduled for 2021. The team's visit was followed by a review process and Commission action. The Commission's process is multilayered to ensure the appropriateness of its actions. The process included review of documents relating to the visit by a Readers Panel and final action by the Institutional Actions Council (IAC). These actions were made official September 6, 2011, and are posted on the Commission's website www.hlcommission.org/component/option,com_directory/Action,ShowBasic/Itemid,/instid,1170/lang,en/.

University Planning is housed in the Division of Quad Cities and Planning under the leadership of Dr. Joseph Rives. University Planning provides planning/policy coordination and accountability reporting for the University's Strategic Plan (*Higher Values in Higher Education*) and Campus Master Plans. Dr. Rives serves as the Accreditation Liaison Officer to the Higher Learning Commission-North Central Association of Colleges and Schools.

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

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2013

University Functions and Planning Program (Unaudited) (Continued)

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

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

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2013

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

The percentage of total Fiscal Year 2013 expenditures represented by administrative costs for the year ended June 30, 2013 was approximately 9.8%. This percentage was computed based upon appropriated expenditures considered as administrative and reported to the Illinois Board of Higher Education. These expenditures primarily included the various administrative offices of the President, Vice President for Administrative Services, and the Provost and Academic Vice President. Administrative expenses also include Medicare costs and the CMS Group Insurance payment.

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Years Ended June 30, 2013 and 2012

Employment Statistics - Full-Time Equivalent (Unaudited)

Year Ended June 30, 2013	Instructional Activities	Organized Research	Public Service	Academic Support	Student Services	Institutional Support	O&M Physical Plant	Independent Operations	Total All Functions
Appropriated funds:									
Faculty/administrative	760.7	13.8	26.2	44.7	59.7	30.9	4.7	-	940.7
Civil service	162.0	8.3	15.4	62.2	37.8	79.6	162.3	-	527.6
Student employees	27.2	0.4	1.1	22.1	6.3	7.8	4.4	-	69.3
Total appropriated	949.9	22.5	42.7	129.0	103.8	118.3	171.4	-	1,537.6
Non-appropriated funds:									
Faculty/administrative	5.2	11.4	77.5	-	49.1	-	5.5	39.4	188.1
Civil service	3.7	0.2	11.2	0.1	50.7	0.4	131.8	82.3	280.4
Student employees	28.8	4.2	6.7	0.2	46.0	-	13.3	125.5	224.7
Total non-appropriated	37.7	15.8	95.4	0.3	145.8	0.4	150.6	247.2	693.2
Total all funds	987.6	38.3	138.1	129.3	249.6	118.7	322.0	247.2	2,230.8
Year Ended June 30, 2012									
Appropriated funds:									
Faculty/administrative	761.6	14.5	26.9	41.8	59.3	31.1	4.7	-	939.9
Civil service	168.0	8.0	15.7	63.4	39.1	79.6	164.2	-	538.0
Student employees	25.1	0.4	1.3	22.6	7.5	5.5	3.9	-	66.3
Total appropriated	954.7	22.9	43.9	127.8	105.9	116.2	172.8	-	1,544.2
Non-appropriated funds:									
Faculty/administrative	5.7	13.1	86.4	-	44.8	-	9.2	37.7	196.9
Civil service	4.2	0.1	14.9	0.1	53.2	0.6	130.7	84.1	287.9
Student employees	28.2	5.5	6.2	0.3	48.1	1.0	14.2	112.9	216.4
Total non-appropriated	38.1	18.7	107.5	0.4	146.1	1.6	154.1	234.7	701.2
Total all funds	992.8	41.6	151.4	128.2	252.0	117.8	326.9	234.7	2,245.4

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
Emergency Purchase
For the Year Ended June 30, 2013

The University incurred an emergency purchase during the fiscal year ended June 30, 2013:

<u>Vendor Name</u>	<u>Description</u>	<u>Amount (Actual)</u>
Trane, Inc.	Temporary rental of chiller for Currens Hall	\$ 96,638

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Years Ended June 30, 2013 and 2012

Service Efforts and Accomplishments - Enrollment Statistics (Unaudited)

Enrollment figures, as developed by University personnel for the undergraduate and graduate schools during the years ended June 30, 2013 and 2012 are presented below:

	<u>2013</u>	<u>2012</u>
Fall term:		
Undergraduate students	9,674	10,029
Graduate students	1,533	1,629
Extension students	998	896
Total enrollment	<u>12,205</u>	<u>12,554</u>
Full-time equivalent students	<u>10,622</u>	<u>10,997</u>
Spring term:		
Undergraduate students	8,617	8,998
Graduate students	1,479	1,534
Extension students	984	942
Total enrollment	<u>11,080</u>	<u>11,474</u>
Full-time equivalent students	<u>9,556</u>	<u>9,938</u>
Summer term:		
Undergraduate students	1,009	1,156
Graduate students	484	496
Extension students	2,279	2,074
Total enrollment	<u>3,772</u>	<u>3,726</u>
Full-time equivalent students	<u>2,691</u>	<u>2,685</u>
Annual full-time equivalent students (based on average per term exclusive of summer term)	<u>10,089</u>	<u>10,468</u>

State of Illinois
Western Illinois University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2013

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

	Total Costs**	Total Costs Per Full-Time Equivalent Student*
	<u>Total Costs**</u>	<u>Per Full-Time Equivalent Student*</u>
Direct salary	\$ 39,528,614	\$ 3,918
Indirect instruction	8,141,120	807
Departmental research	2,421,591	240
Departmental overheads	12,477,439	1,237
College or school overheads	6,332,957	628
	<u>68,901,721</u>	<u>6,830</u>
Total department and college costs		
Overhead support unique to a function	7,489,272	742
All other academic support	8,485,403	841
Student services	5,508,525	546
Institutional support	10,585,637	1,049
	<u>32,068,837</u>	<u>3,178</u>
Total University overheads		
Total department and college costs with University overheads	<u>100,970,558</u>	<u>10,008</u>
Operation and maintenance of physical plant	<u>13,782,965</u>	<u>1,366</u>
Total costs	<u>\$ 114,753,523</u>	<u>\$ 11,374</u>

NOTE:

* *The number of full-time equivalent (FTE) students for fiscal year 2013 is the sum of FTE students for Fall 2012 and Spring 2013 semesters divided by two.*

Fall 2012 FTE	10,622
Spring 2013 FTE	9,556
Full-time equivalent	10,089

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

Source: FY2013 WIU Discipline Cost Study

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Analysis of Bookstore Operations (Unaudited)

Contracted/Rents to students/University operated	University operated
Contractor	Not applicable
Contract term	Not applicable
Amount of gross sales for bookstore in FY 2013	\$4,081,583
Commissions	Not applicable
Commission terms	Not applicable
Given exclusive rights	No
Competition “other” nearby /on-campus bookstores	Chapman’s Bookstore

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Special Data Requirements for University Audits (Unaudited)

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the Western Illinois University (University) financial statements and audit reports for the year ended June 30, 2013, where such special data is found.

Compliance Findings

13(a) A finding of noncompliance with University Guidelines for the year ended June 30, 2013 was noted, see finding 2013-006.

Indirect Cost Reimbursements

13(b) A statement of sources and applications of indirect cost reimbursements is included in this report on page 56.

13(c) The University’s calculation sheet for indirect cost carry-forward is included in this report on page 57.

Tuition, Charges and Fees

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

Auxiliary Enterprises, Activities and Accounting Entities

13(e) Identification of each specific accounting entity and description of the sources of revenue and purpose of each are presented on pages 61 through 63.

13(f) Entity financial statements are presented on pages 64 through 71 of this report. The entity financial statements should be read in conjunction with University’s audited financial statements for the year ended June 30, 2013.

13(g) The University’s calculation sheets for current excess funds are presented in this report on pages 58 through 60.

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

- 13(h) The University Auxiliary Enterprises and activities received \$2,380,810 for group insurance and \$1,175,980 for pensions from State appropriated funds for the year ended June 30, 2013. These amounts of support were estimated by University management.
- 13(i) Revenue and expenditures for the various bond indenture required accounts are included on page 69 of this report. Description of the accounts and requirements is included in Note 8 of the June 30, 2013 financial statements.
- 13(j) Audit tests of the Revenue Bond Fund accounting revealed no instances of noncompliance with the terms of the bond indenture during the year ended June 30, 2013.
- 13(k) As of June 30, 2013, the University did not have a noninstructional facilities reserve account. Previously, such account was established in conjunction with the September 1995 Board of Governors of the State Colleges and Universities issuance of Western Illinois University Auxiliary Facilities Systems Revenue and Refunding Bonds, Series 1995 which were defeased during Fiscal Year 2005. However, the University does have the ability to establish a noninstructional facilities reserve account in conjunction with the Series 2005 Bonds.

University Related Organizations

- 13(l) The Western Illinois University Foundation (the "Foundation") is recognized by Western Illinois University as a University related organization. There are no organizations considered by the University to be independent organizations, as defined in Section VII of University Guidelines.
- 13(m) A summary of the Foundation transactions with the University is presented on page 85 of this report.
- 13(n) The University provided the Foundation with \$1,573,423 in administration and support services during the year ended June 30, 2013, for the Foundation's fund-raising services.
- 13(o) There were no unreimbursed subsidies from the University to the Foundation for the year ended June 30, 2013.

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

Other Topics

- 13(p) There was no debt financing by the Foundation in Fiscal Year 2013.
- 13(q) Schedules of cash and investments held by the University are presented in this report on page 49.
- 13(r) Income from investments of pooled funds has been allocated and credited to the original sources of the funds.
- 13(s) A schedule of costs per full-time equivalent student is presented on page 79 of this report.
- 13(t) There were no acquisitions of real estate by the University or the Foundation costing in excess of \$250,000 and not funded by separate specific appropriation as stated on page 85 of this report.
- 13(u) On March 30, 2011, the Series 2011 Certificates of Participation were issued in the principal amount of \$11,775,000. Proceeds from the sale of the Series 2011 Certificates of Participation were used for issuance costs and the rest will be used to finance capital improvements projects to several campus buildings as well as Phase II of the campus steam line replacement plan.

On February 23, 2010, the Series 2010 Certificates of Participation were issued in the principal amount of \$11,585,000. Proceeds from the sale of the Series 2010 Certificates of Participation were used for issuance costs and the rest will be used to finance heating plant capital improvements and steam line replacements. Additionally, proceeds from the sale will reimburse the University for a portion of the cost of the sprinkler system installation in Thompson and Tanner Halls.

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

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

the University a party to the COPS issuance. During 2013, the University continued making scheduled payments to the finance company.

- 13(v) The Schedule of Income Fund Revenues and Expenditures is presented on page 48 of this report.
- 13(w) The Schedule of Tuition and Fee Waivers is presented on page 86 through 87 of this report.

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

During the year ended June 30, 2013, Western Illinois University (University) had a contract with Western Illinois University Foundation (Foundation) to provide fund-raising services. The University advanced funds to the Foundation for personal service costs, facility use, and other costs amounting to \$1,573,423 for the year ended June 30, 2013. As required by contract, the Foundation fully repaid the University, using funds considered unrestricted for purposes of the University Guidelines computations. In addition, the Foundation gave the University nonqualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University for the year ended June 30, 2013:

Funds considered unrestricted for purpose of the University Guidelines computations:	
Totally unrestricted	\$ 294,452
Restricted only as to campus, college or department and generally available for ongoing University operations	<u>2,953,421</u>
Total funds considered unrestricted	<u>3,247,873</u>
Funds considered restricted for purpose of the University Guidelines computations:	
Total funds given for scholarships, grants and awards	2,213,407
Other restricted funds	<u>359,451</u>
Total funds considered restricted	<u>2,572,858</u>
Total funds provided to the University by the Foundation	<u>\$ 5,820,731</u>

During the year ended June 30, 2013, the Foundation and University did not purchase or receive a donation or gift of real estate with a value in excess of \$250,000.

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Undergraduate Tuition and Fee Waivers (Unaudited)

	Number of Recipients *	Tuition Waived		Fees Waived	
		Number of Recipients *	Value of Waivers (In Thousands)	Number of Recipients *	Value of Waivers (In Thousands)
MANDATORY WAIVERS					
(SUBTOTAL)	617	617	\$ 3,273.9	29	\$ 63.7
Teacher Special Education	21	21.0	136.4	18.0	39.4
General Assembly	41	41.0	240.9		
ROTC	42	42.0	312.9		
DCFS	15	15.0	88.3	11.0	24.3
Children of Employees	167	167.0	441.7		
Senior Citizens					
Honorary Scholarships					
Veterans Grants & Scholarships**	331	331.0	2,053.7		
Other (please specify) ***					
DISCRETIONARY WAIVERS					
(SUBTOTAL)	710	710	2,488.0	46	21.5
Faculty/Administrators	6	6.0	9.8	5.0	2.9
Civil Service	80	80.0	124.0	36.0	11.8
Academic/Other Talent	280	280.0	669.0		
Athletic	233	233.0	1,016.6		
Gender Equity in					
Intercollegiate Athletics	90	90.0	616.4		
Foreign Exchange Students					
Out-of-State Students					
Foreign Students					
Student Need-Financial Aid					
Student Need-Special Programs					
Cooperating Professionals	2	2.0	1.5	1.0	0.1
Research Assistants					
Teaching Assistants					
Other Assistants	1	1.0	0.3		
Student Employment	5	5.0	4.0		
Interinstitutional/Related Agencies					
Retired University Employees	10	10.0	25.6	1.0	0.3
Children of Deceased Employees	3	3.0	20.8	3.0	6.4
Contract/Training Grants					
All Other (please specify)***					
TOTAL	1,327	1,327	\$ 5,761.9	75	\$ 85.2

* Unduplicated

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

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

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Graduate Tuition and Fee Waivers (Unaudited)

	Number of Recipients *	Tuition Waived		Fees Waived	
		Number of Recipients *	Value of Waivers (In Thousands)	Number of Recipients *	Value of Waivers (In Thousands)
<u>MANDATORY WAIVERS</u>					
<u>(SUBTOTAL)</u>	8	7	\$ 29.9	6	\$ 4.5
Teacher Special Education	4	3.0	17.8	4.0	2.8
General Assembly	1	1.0	2.7		
ROTC					
DCFS					
Children of Employees					
Senior Citizens	3	3.0	9.4	2.0	1.7
Honorary Scholarships					
Veterans Grants & Scholarships**					
Other (please specify) ***					
<u>DISCRETIONARY WAIVERS</u>					
<u>(SUBTOTAL)</u>	735	734	3,664.3	194	66.8
Faculty/Administrators	58	58.0	134.8	58.0	22.4
Civil Service	64	63.0	160.4	64.0	26.8
Academic/Other Talent	4	4.0	10.1		
Athletic					
Gender Equity in					
Intercollegiate Athletics					
Foreign Exchange Students	8	8.0	112.1		
Out-of-State Students					
Foreign Students					
Student Need-Financial Aid					
Student Need-Special Programs					
Cooperating Professionals	108	108.0	234.2	71.0	17.4
Research Assistants	37	37.0	195.1		
Teaching Assistants	244	244.0	1,448.0		
Other Assistants	211	211.0	1,367.9		
Student Employment					
Interinstitutional/Related Agencies					
Retired University Employees	1	1.0	1.7	1.0	0.2
Children of Deceased Employees					
Contract/Training Grants					
All Other (please specify)***					
TOTAL	743	741	\$ 3,694.2	200	\$ 71.3

* Unduplicated

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

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