



ADELFA LLC
CERTIFIED PUBLIC ACCOUNTANTS

400 E. RANDOLPH ST., SUITE 705
CHICAGO, IL 60601
TEL (312) 240-9500 FAX (312) 856-0025
www.adelfiacpas.com

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY**

COMPLIANCE EXAMINATION
**(In Accordance with the Single Audit Act
and Applicable Federal Regulations)**
For the Year Ended June 30, 2016

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2016**

TABLE OF CONTENTS

	<u>Page(s)</u>
Agency Officials	1
Management Assertion Letter.....	2
Compliance Report:	
Summary	3
Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	7
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11
Independent Auditor’s Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	13
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results	17
Current Finding – <i>Government Auditing Standards</i>	18
Current Finding – Federal Compliance and Questioned Costs	21
Current Finding – State Compliance	25
Prior Findings Not Repeated	34

Financial Statement Report:

The University’s financial statement report for the year ended June 30, 2016, which includes the Independent Auditor’s Report, Management Discussion and Analysis, Basic Financial Statements and Notes to the Basic Financial Statements, Required Supplementary Information – Pension, Notes to the Required Supplementary Information - Pension, and the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* has been issued separately.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2016**

TABLE OF CONTENTS (Continued)

	<u>Schedule</u>	<u>Page(s)</u>
Supplementary Information for State Compliance Purposes:		
Summary		36
Fiscal Schedules and Analysis:		
Schedule of Expenditures of Federal Awards	1	38
Notes to the Schedule of Expenditures of Federal Awards	1	42
Schedule of Appropriations, Expenditures and Lapsed Balances	2	44
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	3	45
Schedule of Changes in Capital Assets	4	46
Comparative Schedule of Income Fund Revenues and Expenditures	5	47
Comparative Schedule of Cash and Cash Equivalents	6	48
Analysis of Significant Variations in Account Balances	7	49
Analysis of Significant Variations in Operating and Nonoperating Revenues and Expenses	8	51
Analysis of Significant Lapse Period Spending	9	52
Analysis of Accounts Receivable	10	53
Schedule of Federal Expenditures, Nonfederal Expenses and New Loans	11	54
Summary of Indirect Cost Reimbursements:		
Statement of Sources and Applications	12	55
Calculation Sheet for Indirect Cost Carry-Forward (Unaudited) .	13	56
Calculation of Current Excess Funds (Unaudited)	14	57
University Accounting Entities and Related Sources of Revenues and Purposes	15	62
Current Funds, Unrestricted, Other:		
Balance Sheet by Entity	16	65
Statement of Revenues, Expenditures and Changes in Fund Balances by Entity	17	66
Auxiliary Enterprises and Activities, Financial Statements by Functional Entity:		
Auxiliary Enterprise Funds - Revenue Bonds:		
Balance Sheet by Entity	18	67
Statement of Revenues, Expenditures & Changes in Fund Balances by Entity	19	68
Plant Funds Statement of Changes in Fund Balances by Entity	20	69

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2016**

TABLE OF CONTENTS (Continued)

	<u>Schedule</u>	<u>Page(s)</u>
Supplementary Information for State Compliance Purposes (Continued):		
Fiscal Schedules and Analysis (Continued):		
Auxiliary Enterprises and Activities, Financial Statements by Functional Entity (Continued):		
Auxiliary Enterprise Funds - Other:		
Balance Sheet by Entity	21	70
Statement of Revenues, Expenditures & Changes in Fund Balances by Entity	22	71
Analysis of Operations (Unaudited)		
University Functions and Planning Program (Unaudited)		72
Budget Impasse Disclosures (Unaudited)... ..		75
Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Unaudited)... ..		76
Interest Costs on Fiscal Year 2016 Invoices (Unaudited)... ..		77
Comments on the Percentage of Total Expenditures Represented by Administrative Costs (Unaudited).....		78
Employment Statistics - Full-Time Equivalent (Unaudited)		79
Service Efforts and Accomplishments – Enrollment Statistics (Unaudited)		80
Schedule of Unrestricted Current Funds General Expenditures Per Full-Time Equivalent Student as Reported to the Board of Higher Education (Unaudited)		81
University Bookstore Information (Unaudited)		82
<u>University Guidelines</u> , 1982 as amended 1997 (Unaudited):		
Special Data Requirements for University Audits (Unaudited) ...		83
Summary of Western Illinois University Foundation Transactions with the University (Unaudited)		87
Undergraduate Tuition and Fee Waivers (Unaudited)		88
Graduate Tuition and Fee Waivers (Unaudited)		89
Memorandums of Understanding (Unaudited)		90

Related Report Published Under a Separate Cover

Western Illinois University Financial Audit for the Year Ended June 30, 2016

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2016**

UNIVERSITY OFFICIALS

President	Dr. Jack Thomas
Provost and Academic Vice President	Dr. Kathleen Neumann, Interim
Vice President for Student Services	Dr. Ronald Williams (As of 01/11/16) Dr. Gary Biller (Through 01/08/16)
Vice President for Administrative Services	Mr. Matthew Bierman, Interim (As of 01/01/16) Ms. Julie DeWees (Through 12/31/15)
Vice President for Advancement and Public Services	Mr. Brad Bainter
Vice President for Quad Cities and Planning	Dr. Joseph Rives
Director of Business and Financial Services	Mr. Matthew Bierman, Interim
Director of Internal Auditing	Mr. Michael Sartorius (As of 09/08/15) Vacant (07/01/15 to 09/07/15)

BOARD OF TRUSTEES (as of June 30, 2016)

Chair	Roger D. Clawson, Macomb
Vice Chair	Yvonne S. Savala, Moline
Secretary	Michael W. Quigley, Student Member
Member	Todd V. Lester, Macomb
Member	Carolyn J. Ehlert Fuller, Milan
Member	Lynier R. Cole, Chicago
Member	Cathy E. Early, Macomb
Student Member	Michael W. Quigley

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 10, 2017

Adelfia LLC
400 E. Randolph Street, Suite 705
Chicago, IL 60601

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, 2016. Based on this evaluation, we assert that during the year ended June 30, 2016, 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 truly,

Western Illinois University

SIGNED ORIGINAL ON FILE

Dr. Jack Thomas
President

SIGNED ORIGINAL ON FILE

Matthew Bierman
Interim VP for Administrative
Services

SIGNED ORIGINAL ON FILE

Rica Calhoun
Legal Counsel

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2016**

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.

ACCOUNTANT'S REPORT

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u> <u>Report</u>	<u>Prior</u> <u>Report</u>
Findings	7	8
Repeated findings	3	7
Prior recommendations implemented or not repeated	5	2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDING (GOVERNMENT AUDITING STANDARDS)</i>			
2016-001	18	Failure to apply accounting and financial reporting standards for impairment of capital assets	Material Weakness
<i>FINDING AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
2016-002	21	Inadequate Review of Loan Disbursement Transaction and Reporting, and Inadequate Performance of Verification Procedures.	Noncompliance and Significant Deficiency

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2016**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (STATE COMPLIANCE)</i>			
2016-003	25	Noncompliance with Required Contracting Procedures	Noncompliance and Significant Deficiency
2016-004	27	Noncompliance with University Guidelines on Excess Funds	Noncompliance and Significant Deficiency
2016-005	28	Inadequate Controls over Property and Equipment	Noncompliance and Significant Deficiency
2016-006	30	Subsidies between Accounting Entities	Noncompliance and Significant Deficiency
2016-007	32	Weaknesses in Computer Inventory Controls	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	34	Inadequate Controls Over Journal Entries
B	34	Noncompliance with the Campus Security Enhancement Act

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2016**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
C	34	Weaknesses in Policies and Procedures on Hiring and Promotion
D	35	Lack of Formal Fraud Risk Assessment Procedures
E	35	Inadequate Monitoring of Applicable Statutes

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on March 8, 2017

Attending were:

Western Illinois University

Dr. Jack Thomas, President (*joined via teleconference*)
Roger Clawson, Chairman – Board of Trustees (*joined via teleconference*)
Matthew Bierman, Interim Vice President for Administrative Services
Kathleen Neumann, Provost and Academic Vice President
Jessica Dunn, Assistant Comptroller
Cheryl Webster, Assistant Comptroller
Brittany Troline, Accounting Associate
Michael Sartorius, Director of Internal Auditing
Megan Newlon, Internal Audit Assistant
Stephen Frazier, Executive Director of University Technology (CIO)
Robert Emmert, Director of University Technology

Office of the Auditor General

Lisa Warden, Audit Manager

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2016**

EXIT CONFERENCE (Continued)

Adelfia LLC

Stella Marie Santos, Partner
Maria F. Balita, Team Leader
Ana Lisa Ausan, Manager
Princess De Leon, Senior

The responses to the recommendations were provided by Dr. Jack Thomas, President, in a letter dated March 10, 2017.



**INDEPENDENT ACCOUNTANT’S REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino
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, 2016. 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, 2016. 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 2016-003, 2016-004, 2016-005, 2016-006 and 2016-007.

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 2016-003, 2016-004, 2016-005, 2016-006, and 2016-007 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 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, 2016, and have issued our report thereon dated January 20, 2017, 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. We have not performed any procedures with respect to the audited financial statements subsequent to January 20, 2017. The accompanying supplementary information for the year ended June 30, 2016 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, 2016 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, 2016 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, 2016.

The supplementary information for the year ended June 30, 2015 has been derived from the financial statements audited by other auditors, whose reports thereon expressed unmodified opinions on such information in relation to the University's basic financial statements for the year ended June 30, 2015 taken as a whole.

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

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, (include those charged with governance such as the governing board if applicable), 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.

SIGNED ORIGINAL ON FILE

Chicago, Illinois

March 10, 2017, except for our report on the Supplementary Information
for State Compliance Purposes, as to which the date is January 20, 2017



ADELFLIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

400 E. RANDOLPH ST., SUITE 705
CHICAGO, IL 60601
TEL (312) 240-9500 FAX (312) 856-0025
www.adelfiacpas.com

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Frank J. Mautino
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 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, 2016, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements, and have issued our report thereon dated January 20, 2017. 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 auditor’s 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2016-001 that we consider to be a material weakness.

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 the Finding

The University's response to the finding identified in our audit is described in the accompanying schedule of findings. 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.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
January 20, 2017



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Frank J. Mautino
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 *OMB 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, 2016. The University’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance, 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 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 item 2016-002 that we consider to be a significant deficiency.

The University's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated January 20, 2017, 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 basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 20, 2017. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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.

SIGNED ORIGINAL ON FILE

Chicago, Illinois

March 10, 2017, except for our report on the Schedule of Expenditures of Federal Awards and the related notes, as to which the date is January 20, 2017.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP: 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 financial reporting:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
Various	Student Financial Assistance Cluster
Various	Research and Development Cluster
97.006	AmeriCorps

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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, 2016**

Current Finding – *Government Auditing Standards*

2016-001 - Failure to apply accounting and financial reporting standards for impairment of capital assets

Western Illinois University (University) did not evaluate changes in circumstances affecting capital assets to determine whether impairment occurred and did not properly account for and report capital asset impairments in the financial statements.

We noted the following issues in our audit of financial statements originally submitted by the University to the Office of the State Comptroller:

- The University identified three residential buildings to be demolished in current and prior years, but did not subject these buildings to tests of impairment. The buildings were still being depreciated and maintained on the books as of June 30, 2016 instead of being analyzed for impairment and adjusted to the lower of carrying value or fair value on the date management made the decision to change the manner of use of the buildings. The net book value of the two buildings impaired as of June 30, 2015 totaled \$2,864,127 and the net book value of the other building impaired as of July 1, 2015 amounted to \$719,294. Depreciation charged for Fiscal Year 2016 for these three buildings totaled \$259,792.
- Deconstruction and demolition costs related to these three buildings were capitalized as construction in progress (CIP) instead of being expensed as incurred. Total CIP costs as of June 30, 2015 totaled \$2,006,050 and total CIP costs incurred for Fiscal Year 2016 amounted to \$414,620.
- Three other buildings demolished in prior periods were written off, but the demolition costs of these buildings were capitalized as site improvements. The site improvements were being depreciated instead of being expensed as incurred. The net book value of the site improvements as of June 30, 2015 amounted to \$2,750,481 and the current year depreciation amounted to \$122,065.
- The notes to the financial statements did not include disclosure of idle capital assets or impairment losses. In addition to impairments noted above, another building vacated and listed for sale during Fiscal Year 2016 was properly valued; however, the carrying amount of this impaired capital asset idle at year-end was not disclosed.

Subsequent to audit testing, the University revised the financial statements and footnotes and submitted revised accounting reports to the Office of State Comptroller to include the adjustments and information necessary to apply the appropriate generally accepted accounting principles (GAAP).

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Finding – Government Auditing Standards (Continued)

2016-001 - Failure to apply accounting and financial reporting standards for impairment of capital assets (Continued)

Governmental Accounting Standards Board (GASB) Statement No. 42 – *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires entities to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred by identifying potential impairments and testing for impairment. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. The Statement also states the loss should be recognized when the impairment event or change in circumstance occurs.

GASB Statement No. 42 also requires that the amount of the impairment loss, a general description, and the financial statement classification should all be disclosed in the financial statement notes if not readily apparent on the face of the statements. The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary.

The University Capital Asset Financial Reporting Policy also states that if the University acquired land and buildings with the intent to use the building and the building is subsequently demolished, the asset will be removed from the University's books and demolition costs will be expensed.

According to University personnel, the University misinterpreted GASB Statement No. 42 to mean that impairment happens at the time of demolition rather than at the time of vacancy. Furthermore, the University's practice to capitalize all deconstruction expenses rather than expensing them was incorrect. The University deemed these expenses as capitalizable as they were mistakenly considered part of clearing the land for site improvements rather than as expenses of demolishing the buildings. Required disclosures were omitted due to lack of awareness that a disclosure should be included when an impairment occurred, as well as misinterpretation of the applicability of the standard.

Failure to apply the applicable generally accepted accounting principles resulted in an overstatement of prior year net position balances by \$7,620,658 and an understatement of current year expenses by \$752,057. This caused inaccurate and incomplete financial statements to be submitted with the original financial reporting package submitted to the State Comptroller. Improper application of accounting and financial reporting standards can result in a material misstatement of financial statements and inadequate disclosure of significant events. (Finding Code No. 2016-001)

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Finding – *Government Auditing Standards* (Continued)

2016-001 - Failure to apply accounting and financial reporting standards for impairment of capital assets (Continued)

RECOMMENDATION:

We recommend that the University establish procedures to ensure that transactions which include special considerations and reporting be carefully reviewed for proper accounting and disclosure. As necessary, accounting and reporting guidance should be obtained from technical resources to ensure conformity with GAAP.

UNIVERSITY RESPONSE:

The University agrees with the finding. The University will modify its capital asset procedures to ensure proper capitalization and as necessary, obtain guidance to ensure conformity with GAAP.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Finding – Federal Compliance

2016-002 – Inadequate Review of Loan Disbursement Transaction and Reporting and Inadequate Performance of Verification Procedures

Federal Agency: U.S. Department of Education

Cluster Name/ Student Financial Assistance Cluster/
FY16 Expenditures: \$91,942,447

<u>Program Name / Federal Award Year:</u>	<u>CFDA #:</u>	<u>Pass-Through/Contract Number:</u>
Federal Supplemental Education Opportunity Grants - <i>FY16</i>	84.007	P007A151313
Federal Work-Study Program - <i>FY16</i>	84.033	P033A151313
Federal Perkins Loan Program Federal Capital Contributions - <i>FY16</i>	84.038	P038A071313
Federal Pell Grant Program		
<i>Federal Pell - 2014-2015</i>	84.063	P063P141391
<i>Federal Pell - 2015-2016</i>	84.063	P063P151391
<i>Federal Pell - 2016-2017</i>	84.063	P063P161391
Federal Direct Student Loans		
<i>Federal Direct Student Loans - FY15</i>	84.268	P268K151391
<i>Federal Direct Student Loans - FY16</i>	84.268	P268K161391
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)		
<i>Teach Grant - 2014-2015</i>	84.379	P379T151391

Questioned Costs: None

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Finding – Federal Compliance (Continued)

2016-002 – Inadequate Review of Loan Disbursement Transaction and Reporting and Inadequate Performance of Verification Procedures (Continued)

Western Illinois University (University) did not perform an adequate review of loan disbursement transactions and reporting and they did not perform adequate verification procedures.

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

During our examination of 40 students from a population of 7,528 students with direct loan disbursements during the fiscal year, we noted the following:

- 1 of 40 (2.5%) students tested received a subsidized loan of \$28,000, which exceeded the subsidized loan limit of \$23,000 for Fiscal Year 2016.
- 1 of 40 (2.5%) students tested had a discrepancy between the loan disbursement dates for the fall semester in the University records and the Direct Loan Servicing System (DLSS) report of 47 days.

In addition, during our examination of 40 students from a population of 1,262 students selected for verification, we noted 1 of 40 (2.5%) students tested had an error that was not identified by the University during their verification procedures. We noted that the amount of adjusted gross income (AGI) reported in the student's ISIR report was higher by \$1,242 than the amount reported in the Form W-2 (Wage and Tax Statement).

Our sample selection was not, and was not intended to be, statistically valid.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Finding – Federal Compliance (Continued)

2016-002 – Inadequate Review of Loan Disbursement Transaction and Reporting and Inadequate Performance of Verification Procedures (Continued)

The Code of Federal Regulations (34 CFR 685.203) states the aggregate unpaid principal amount of all Direct Subsidized Loans and Subsidized Federal Stafford Loans made to a student but excluding the amount of capitalized interest may not exceed \$23,000 in the case of any student who has not successfully completed a program of study at the undergraduate level.

The U.S. Department of Education requires institutions to report all disbursements and submit required records to the Direct Loans Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 15 days of disbursement.

To determine the applicant's EFC, the Code of Federal Regulations (34 CFR 668.54) states that an institution shall require selected applicants to verify student aid application information, as well as any information used to calculate an applicant's EFC that the institution has reason to believe is inaccurate. Information that must be verified or updated includes adjusted gross income, U.S. income tax paid, aggregate number of family members in the household, number of family members in the household attending postsecondary educational institutions if that number is greater than one, and untaxed income and benefits.

University management stated that with regards to the subsidized loan limit, the exception was an oversight. The University immediately informed the student who then re-affirmed the debt to allow for the over award per Department of Education Regulation 34 CFR 668.35(d).

With regards to the DLSS report, management stated that the delay in reporting was because the student had not completed the verification and had a social security number and name inconsistency issue.

University management stated that the verification of the Form W-2 against AGI was an oversight. However, this oversight did not affect the student's eligibility.

In response to the prior year finding, management stated that they will continue weekly advisor training, institute a secondary file review by team leaders and begin using a review checklist beginning January 2016. These actions were taken, but the exceptions occurred due to human error and special circumstance.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Finding – Federal Compliance (Continued)

2016-002 – Inadequate Review of Loan Disbursement Transaction and Reporting and Inadequate Performance of Verification Procedures (Continued)

Failure to properly determine financial aid awards and loan amounts may result in over or under award to eligible students, loans in excess of allowable limits, and noncompliance with the Code of Federal Regulations. A delay in reporting loan disbursements to the COD system results in noncompliance with the federal regulations. In addition, failure to properly perform verification procedures in accordance with federal regulations may result in unallowable costs and/or inaccurate federal awards granted to eligible students due to an incorrect EFC basis. (Finding Code No. 2016-002, 2015-002 and 2014-003)

RECOMMENDATION:

We recommend the University implement effective review procedures to ensure subsidized loan limits are not surpassed, loan disbursement dates are reported accurately and timely, and information used to calculate EFC is accurate and reviewed during the verification process.

UNIVERSITY RESPONSE:

The University agrees with the finding. In addition to the continuation of weekly financial aid advisor training, and the continued use of a processing checklist, improvements will be made to the secondary review of files that was implemented in January 2016.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Findings – State Compliance

2016-003 – Noncompliance with Required Contracting Procedures

Western Illinois University (University) did not submit contract modifications to the Illinois Office of the Comptroller (Comptroller/ IOC).

During our review of the University’s contracting procedures, we noted the University submitted file only contracts to the Comptroller for contracts required for filing. However, the University did not submit to the Comptroller copies of any subsequent modification/changes to the contracts filed. Three of three (100%) purchase orders totaling \$588,678 with change orders totaling \$77,282 did not have amended contract obligation documents/contracts filed with the Comptroller within 30 calendar days of execution.

The Statewide Accounting Management System (SAMS) (Procedure 15.20.10) states that file only contracts are those which do not require obligation. SAMS (Procedure 15.10.40) states that file only contracts must be filed with the IOC and must meet all IOC documentation and certification requirements.

The SAMS (Procedure 15.20.80) states State agencies shall file all renewals or amendments of any contract liability on file with the Comptroller within 30 calendar days after execution. For filing purposes, “execution” occurs when all required elements of an agreement have been written and formally approved (in writing) by all parties as required by law for filing with the Comptroller.

In the prior finding, the auditors noted contracts were signed by designated personnel who did not have a signature card filed with the Comptroller. They also noted leases for real property were not filed with the Comptroller. We noted no exceptions with those portions of the prior finding during our testing in the current audit period.

University management stated staff misinterpreted SAMS (Procedure 15.10.40), which states that file only contracts do not require obligation and are not entered into the SAMS system, to mean that only the initial contract is required to be filed with the Comptroller.

Failure to file contract modifications with the Comptroller limits accountability and results in noncompliance with SAMS requirements. (Finding Code No. 2016-003, 2015-004, 2014-005, 2013-005, 12-7, 11-6 and 10-4)

RECOMMENDATION:

We recommend the University establish procedures to ensure all contract amendments are filed with the Comptroller by the required deadline.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Findings – State Compliance (Continued)

2016-003 – Noncompliance with Required Contracting Procedures (Continued)

UNIVERSITY RESPONSE:

The University agrees with the finding. The Purchasing Office will request clarification of SAMS procedures related to contract modifications from the Comptroller's Office and will revise purchasing office procedures to ensure contract amendments are filed with the Comptroller by the required deadline.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Findings – State Compliance (Continued)

2016-004 – Noncompliance with University Guidelines on Excess Funds

Western Illinois University (University) did not comply with the University Guidelines on remittance of excess funds.

During our testing of the University’s compliance with the University Guidelines 1982 (As Amended 1997), we noted that the University complied with the requirement to calculate excess funds on indirect cost, auxiliary enterprises and accounting entities but failed to remit amounts due to the Income Fund for the following funds:

Indirect Cost Fund	\$ 435,308
Public Service Fund	172,042
University Publication Fund	1,307
Unique Charge Fund	4,269
Total	<u>\$ 612,926</u>

University Guidelines 1982 (As Amended 1997) sections I-H and IV-D.1 state that the University shall remit any excess funds for deposit in the Income Fund no later than 45 days after the close of the lapse period.

University management stated that due to the State budget impasse, the University deferred necessary expenses that resulted in the excess funds in the respective indirect cost and entity funds. The University did not remit these excess funds as part of their strategy of managing resources.

Failure to remit the excess funds resulted in noncompliance with the University Guidelines. (Finding Code No. 2016-004)

RECOMMENDATION:

We recommend the University continue to monitor the activities of each accounting entity and ensure compliance with all the requirements of the University Guidelines.

UNIVERSITY RESPONSE:

The University agrees with the finding. The University will continue to monitor the activities of each accounting entity and make a decision on remitting excess funds based on the University’s current resources affected by the State budget impasse.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Findings – State Compliance (Continued)

2016-005 – Inadequate Controls over Property and Equipment

The University had inadequate controls over reporting of State property and did not obtain required approvals for deletions of property.

During our testing of controls over fixed assets, we noted the following:

- The Agency Report of State Property (Form C-15) was not accurately completed. There were 303 re-tagged non-capitalizable equipment items totaling \$405,794 that were erroneously recorded and reported as deletions.
- The Annual Property Listing filed with the Department of Central Management Services (DCMS) erroneously included building improvements amounting to \$162,846.

During our test of property disposals and deletions, we noted two of 25 (8%) equipment items (video recorder and scanner) totaling \$15,501 that were deleted from the University's property records without obtaining approval from the DCMS.

The State Finance Act (30 ILCS 105/20) defines equipment as tangible personal property of a non-consumable nature. The State Property Control Act (30 ILCS 605/4) states that every responsible officer of the State government shall be accountable for the supervision, control and inventory of property under his control. Statewide Accounting Management System (SAMS) (Procedure 29.10.10) states that one function of fixed asset reporting is to ensure that agencies are updating property records to reflect the current balance of fixed assets. SAMS (Procedure 29.20.10) provides detailed instructions on the proper completion of the C-15 reports.

DCMS Property Control Rules (44 Ill. Admin. Code 5010.310 (e)) require all deletions from agency property records (except transfers within and outside the agency) be approved by the Property Control Division prior to completing the transaction.

University management stated the inaccuracies in the Form C-15 and the Annual Property Listing were due to errors not initially noted when they switched to a new system of tracking property transactions. Management stated the lack of DCMS written approval for deletions was due to oversight.

Inadequate controls over University property and equipment results in inaccurate property records and reporting. Failure to secure DCMS approval for the deletion of equipment from the agency records is noncompliance with DCMS Property Control Rules. (Finding Code No. 2016-005)

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Findings – State Compliance (Continued)

2016-005 – Inadequate Controls over Property and Equipment (Continued)

RECOMMENDATION:

We recommend the University improve controls over reporting of State property to ensure submission of accurate reports. We also recommend the University establish control procedures to ensure compliance with the DCMS Property Control Rules.

UNIVERSITY RESPONSE:

The University agrees with the finding. Additional procedures have been implemented to ensure the submission of accurate reports and to ensure approval is obtained as required from DCMS for the disposal of University assets.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Findings – State Compliance (Continued)

2016-006 – Subsidies between Accounting Entities

Western Illinois University (University) subsidized operations of University activities between accounting entities during Fiscal Year (FY) 2016. 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 University Guidelines, we noted the University Stores and Service Centers accounting entities had negative cash balances at the beginning and the end of the fiscal year totaling \$1.8 million and \$1.1 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, 2016, this accounting entity had accounts receivable and inventories totaling \$1.0 million.

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

University management stated revenues generated by the entity continued to be inadequate to sustain operational costs in providing services to departments, leading to the subsidy between accounting entities.

In response to the prior year finding, management stated that they restructured a service center to offload expenses and maintain a cash positive operation. It was also stated that the University will continue to monitor all accounting entities for negative trends and make adjustments as necessary. Management took action to restructure the service center but due to extreme budgetary conditions, management has not had the resources to focus on other areas needing attention so subsidies continued to exist.

Subsidies between accounting entities result in other accounting entities incurring unrelated costs to fund operations of entities with negative cash balances. (Finding Code No. 2016-006, 2015-007, 2014-006, 2013-006 and 12-9)

RECOMMENDATION:

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Findings – State Compliance (Continued)

2016-006 – Subsidies between Accounting Entities (Continued)

UNIVERSITY RESPONSE:

The University agrees with the finding. The University will continue to monitor all accounting entities for negative trends and take corrective actions as necessary.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Findings – State Compliance

2016-007 – Weaknesses in Computer Inventory Controls

Western Illinois University (University) was unable to locate 40 computers during their annual inventory. Additionally, we found the University does not protect their computers and removable media with encryption methods.

These items were noted as missing by University staff during their annual inventory conducted on its campuses during Fiscal Year 2016. The original cost of these items totaled \$41,250. Of these, one was reported as stolen and was investigated by the University police department.

Although the University performs periodic scanning to identify social security numbers on University equipment, the University could not determine if the missing computers contained confidential information at the time they were reported missing.

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

University management stated University policies recommend encryption of laptops and other removable devices; however, these policies are administered at the individual departmental level. University policy does not currently require that University Technology (uTech) be officially notified of lost or stolen devices; however, uTech works closely with Property Accounting to follow-up on devices reported missing on the annual inventory when notified.

Failure to have adequate controls over computer inventory has resulted in lost and stolen computer inventory and the potential for unintended exposure of confidential information. By not ensuring computers are encrypted, the risk of exposure of confidential information exists. (Finding Code No. 2016-007)

RECOMMENDATION:

We recommend the University:

- Review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers.
- Evaluate data maintained on computers and ensure those containing confidential information are adequately protected with methods such as encryption.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Current Findings – State Compliance (Continued)

2016-007 – Weaknesses in Computer Inventory Controls (Continued)

UNIVERSITY RESPONSE:

The University agrees with the finding. The University will review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers and to include University Technology in the reporting process. The University will use resources available to assist departments in locating items that were not found during the annual inventory process and will continue to work with departments to help them identify and protect sensitive information, as well as, promote the use of encryption software on devices containing sensitive data.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Prior Findings Not Repeated

A. Inadequate Controls Over Journal Entries

During the previous audit, Western Illinois University (University) did not have adequate controls over its journal entries. Effective policies and procedures were not in place to ensure that all journal entries were appropriate, properly prepared, and timely approved. (Finding Code No. 2015-001, 2014-001, 2013-001)

During the current audit period, we noted in our testing that effective for fiscal year 2016, the University amended its policy to ensure approval for all non-recurring entries, regardless of magnitude. For all recurring entries, the University documented internal controls with regards to these types of entries and performed a formal risk assessment. Our review of current year journal entries noted internal controls had been implemented.

B. Noncompliance with the Campus Security Enhancement Act

During the previous audit, the University did not have adequate policies and procedures to identify security sensitive positions and conduct pre-employment background checks. (Finding Code No. 2015-003, 2014-004, 2013-004, 12-6)

During the current audit period, the University updated its background investigation policy as of October 1, 2015 to require pre-employment background checks be performed on all new employees. We did not note exceptions on background checks performed for new employees tested.

C. Weaknesses in Policies and Procedures on Hiring and Promotion

During the previous audit, the University had internal control weaknesses with policies and procedures on hiring and promotions, lacked documentation of credential verification, and failed to consistently enforce policies and procedures on search waivers. (Finding Code No. 2015-005, 2014-008)

During the current year audit period, we noted in our testing that the University reviewed and revised their policies and procedures to require documentation of credential verification and search waivers be maintained and policies for search waivers were enforced. We did not note any exceptions on new hires or search waivers tested in our samples.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

Prior Findings Not Repeated (Continued)

D. Lack of Formal Fraud Risk Assessment Procedures

During the previous audit, the University did not have formal fraud risk assessment procedures in place to prevent and detect fraud. (Finding Code No. 2015-006, 2014-009)

During the current audit period, we noted the University formed a Risk Committee comprised of departments to work on identifying and assessing fraud risk. We also noted the University conducted and documented residual risk analysis, and considerations of further action to remediate risk or corrective action, if any.

E. Inadequate Monitoring of Applicable Statutes

During the previous audit, the University did not have adequate controls to monitor statutes to ensure timely identification of and compliance with new laws. (Finding Code No. 2015-008)

During the current audit period, the University implemented controls to identify and monitor compliance with applicable statutes.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2016**

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 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 and Cash Equivalents
- 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
- Schedule 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 - Revenue Bonds:
 - Balance Sheet by Entity
 - Statement of Revenues, Expenditures & Changes in Fund Balances by Entity
 - Plant Funds Statement of Changes in Fund Balances by Entity
 - Auxiliary Enterprise Funds - Other:
 - Balance Sheet by Entity
 - Statement of Revenues, Expenditures & Changes in Fund Balances by Entity

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2016**

SUMMARY (Continued)

- Analysis of Operations (Unaudited):
 - University Functions and Planning Program (Unaudited)
 - Budget Impasse Disclosures (Unaudited)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Unaudited)
 - Interest Costs on Fiscal Year 2016 Invoices (Unaudited)
 - Comments on the Percentage of Total Expenditures Represented by Administrative Costs (Unaudited)
 - Employment Statistics - Full-Time Equivalent (Unaudited)
 - Service Efforts and Accomplishments - Enrollment Statistics (Unaudited)
 - Schedule of Unrestricted Current Funds General Expenditures Per Full-Time Equivalent Student as Reported to the Board of Higher Education (Unaudited)
 - University Bookstore Information (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)
 - Memorandum of Understanding (Unaudited)

The accountant's 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 auditor's opinion, it is fairly stated in all material respects, in relation to the basic financial statements as a whole from which it has been derived. The accountant's 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, 2016

Federal Grantor/Pass-Through Grantor Program/Grant Title		CFDA Number	Pass-Through/Contract Number	FY 2016 Expenditures	Amount Provided to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER:					
<u>DEPARTMENT OF EDUCATION</u>					
Federal Supplemental Education Opportunity Grants	(M)	84.007	P007A151313	\$ 316,299	\$ -
Federal Work-Study Program	(M)	84.033	P033A151313	375,269	-
Federal Perkins Loan Program Federal Capital Contributions	(M)	84.038	P038A071313	2,075,759	-
Federal Pell Grant Program					
<i>Federal Pell - 2014-2015</i>	(M)	84.063	P063P141391	64,709	-
<i>Federal Pell - 2015-2016</i>	(M)	84.063	P063P151391	18,943,656	-
<i>Federal Pell - 2016-2017</i>	(M)	84.063	P063P161391	261,287	-
				<u>19,269,652</u>	<u>-</u>
Federal Direct Student Loans					
<i>Federal Direct Student Loans - FY15</i>	(M)	84.268	P268K151391	287,651	-
<i>Federal Direct Student Loans - FY16</i>	(M)	84.268	P268K161391	69,579,814	-
				<u>69,867,465</u>	<u>-</u>
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)					
<i>Teach Grant - 2014-2015</i>	(M)	84.379	P379T151391	38,003	-
TOTAL DEPARTMENT OF EDUCATION				\$ 91,942,447	\$ -
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				\$ 91,942,447	\$ -
RESEARCH AND DEVELOPMENT CLUSTER:					
<u>DEPARTMENT OF AGRICULTURE</u>					
Agriculture and Food Research Initiative Passed-Through University of Minnesota <i>Advancing Field Pennycress as a New Oils Feed Biodiesel Feedstock That Does Not Require New Land Commitments</i>	(M)	10.310	H004568901	\$ 5,293	\$ -
National Food Service Management Institute Administration and Staffing Grant Passed-Through University of Southern Mississippi <i>Exploring How Elementary and Middle/JR High Students Preferences Impact Their Milk Selection in Schools</i>	(M)	10.587	USMGR0459206	66	-
<i>Study to Assess the Current Status of Nutrition and Wellness Components in Childcare Centers Participating in the CACFP</i>	(M)	10.587	USMGR0483104	15,930	-
				<u>15,996</u>	<u>-</u>
TOTAL DEPARTMENT OF AGRICULTURE				\$ 21,289	\$ -
<u>DEPARTMENT OF INTERIOR</u>					
Sport Fish Restoration Program Passed-Through Illinois Department of Natural Resources <i>Upper Mississippi River (Pool 17, 18, 21) Fish Population Monitoring and Sport Fish Assessment</i>	(M)	15.605	F-193-R-02	\$ 70,140	\$ -
Fish and Wildlife Management Assistance Passed-Through Illinois Department of Natural Resources <i>Asian Carp Removal and Monitoring in the Upper Mississippi River</i>	(M)	15.608	CAFWS-116	174,339	-
Wildlife Restoration and Basic Hunter Education Passed-Through Illinois Department of Natural Resources <i>Evaluating Gene Expression in CWD-Infected White-Tailed Deer</i>	(M)	15.611	R15W178R1	34,789	-
<i>Estimating Density of Bobcats with Capture-Mark-Recapture Data from Camera Traps</i>	(M)	15.611	R15W187R1	26,330	-
Passed-Through University of Illinois <i>Illinois Waterfowl Surveys and Investigations</i>	(M)	15.611	20150583001	9,052	-
				<u>70,171</u>	<u>-</u>

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2016 Expenditures	Amount Provided to Subrecipients
Great Lakes Restoration				
Passed-Through University of Illinois <i>An Assessment of Aquatic Invasive Plants in the Illinois River: Water Hyacinth</i>	(M) 15.662	2013-05851-01	3,961	-
Passed-Through Southern Illinois University <i>Illinois River Asian Carp Molecular Identification</i>	(M) 15.662	14-33	20,915	-
			24,876	-
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	117,801	-
Cooperative Research and Training Programs - Resources of the National Park System				
Passed-Through University of New Mexico <i>Searching for Close Relatives of Pseudogymnoascus Destructans and Clues to Natural Defenses in Bat Microbiota</i>	(M) 15.945	0480G687V2	474	-
TOTAL DEPARTMENT OF INTERIOR			\$ 457,801	\$ -
<u>NATIONAL SCIENCE FOUNDATION</u>				
Engineering Grants				
<i>Collaborative Research: Geospatial Modeling for Pro-Active Flood Mitigation</i>	(M) 47.041	CMMI-1234226	\$ 20,863	\$ -
Mathematical and Physical Sciences				
<i>Spectrometer Purchase</i>	(M) 47.049	CHE-1337159	2,117	-
Geosciences				
<i>Tornadoic Vortices</i>	(M) 47.050	AGS-1137153	6,136	-
Passed-Through University of Wisconsin <i>Modeling and Observational Studies of Inertial Instability Near the Tropopause</i>	(M) 47.050	665K954	6,543	-
			12,679	-
Biological Sciences				
<i>Collaborative Research: Parsing the Effects of Host Specifically and Geography on Plant-fungal Symbioses Under Climate Change</i>	(M) 47.074	1457002	49,119	-
Social, Behavioral, and Economic Sciences				
<i>A Geomorphic and Ecological Analysis of Using Mosses for Controlling Stream Bank Erosion</i>	(M) 47.075	1461773	59,703	24,287
TOTAL NATIONAL SCIENCE FOUNDATION			\$ 144,481	\$ 24,287
<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	\$ 135	\$ -
TOTAL DEPARTMENT OF EDUCATION			\$ 135	\$ -
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			\$ 623,706	\$ 24,287
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>	84.027	763944	\$ 12,467	\$ -

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2016 Expenditures	Amount Provided to Subrecipients
Special Education_Preschool Grants				
Passed-Through Illinois State Board of Education				
<i>Illinois Starnet - 2015</i>	84.173	2015-4605-00-26-062-5440-51	(31)	-
<i>Illinois Starnet - 2016</i>	84.173	2016-4605-00-26-062-5440-51	977,455	-
			<u>977,424</u>	<u>-</u>
TOTAL DEPARTMENT OF EDUCATION			\$ 989,891	\$ -
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			\$ 989,891	\$ -
OTHER PROGRAMS:				
<u>DEPARTMENT OF AGRICULTURE</u>				
Rural Cooperative Development Grants				
<i>Rural Cooperative Development Grant Program</i>	10.771	RCDG-2014-IL-01	\$ 17,952	\$ -
<i>Rural Cooperative Development Grant Program</i>	10.771	WIU-RCDG-2015	102,789	-
			<u>120,741</u>	<u>-</u>
TOTAL DEPARTMENT OF AGRICULTURE			\$ 120,741	\$ -
<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 FY15</i>	12.002	15-601104	\$ 2	\$ -
<i>IL Procurement Technical Assistance Center FY16</i>	12.002	16-601104	35,500	-
			<u>35,502</u>	<u>-</u>
TOTAL DEPARTMENT OF DEFENSE			\$ 35,502	\$ -
<u>DEPARTMENT OF TRANSPORTATION</u>				
Formula Grants for Rural Areas				
Passed-Through Illinois Department of Transportation				
<i>Program Coordination & Monitoring to Assist with the Development</i>				
& Implementation of ARRA Funded Capital Projects	20.509	PROJ 10-15	\$ 31,257	\$ -
<i>Rural Transit Assistance Center FY13-15</i>	20.509	DPIT-RTAC-13BOB30	76,392	-
<i>Rural Transit Assistance Center FY16-18</i>	20.509	1516101601	338,087	-
Passed-Through City of Macomb, IL				
<i>Go West Transit</i>	20.509	None	221,281	-
			<u>667,017</u>	<u>-</u>
TOTAL DEPARTMENT OF TRANSPORTATION			\$ 667,017	\$ -
<u>SMALL BUSINESS ADMINISTRATION</u>				
Small Business Development Centers				
Passed-Through Illinois Department of Commerce & Economic Opportunity				
<i>SBDC CY15</i>	59.037	15-181127	\$ 46,975	\$ -
<i>SBDC CY16</i>	59.037	16-561127	28,067	-
			<u>75,042</u>	<u>-</u>
Congressional Grants				
<i>SBDC Congressional Grant</i>	59.059	SBAHQ-10-I-0170	32,841	-
TOTAL SMALL BUSINESS ADMINISTRATION			\$ 107,883	\$ -
<u>DEPARTMENT OF EDUCATION</u>				
Adult Education - Basic Grants to States				
Passed-Through Illinois Community College Board				
<i>Central Illinois Adult Education Service Center - 2016</i>	84.002A	AEL16003	\$ 476,507	\$ -
<i>I-Pathways - 2016</i>	84.002A	AEL16007	216,260	-
<i>Data and Information System Illinois (DAISI) - 2016</i>	84.002A	AEL16006	252,198	-
			<u>944,965</u>	<u>-</u>

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/Contract Number	FY 2016 Expenditures	Amount Provided to Subrecipients
School Leadership Passed-Through Illinois State University <i>IL-Part</i>	84.363A	13D427.010	76,574	-
TOTAL DEPARTMENT OF EDUCATION			\$ 1,021,539	\$ -
<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 14-15</i>	93.558	FCSTG03648	\$ 4,626	\$ -
<i>Low Income Degree Scholarship Program 15-16</i>	93.558	FCSUG03648	169,094	-
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			\$ 173,720	\$ -
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
AmeriCorps Passed-Through Illinois Department of Public Health <i>AmeriCorps Project 14-15</i>	(M) 94.006	573800023C	\$ 74,649	\$ 39
<i>QC AmeriCorps Project 14-15</i>	(M) 94.006	573800024C	30,477	-
<i>AmeriCorps Project 15-16</i>	(M) 94.006	67380023D	76,754	15,813
<i>QC AmeriCorps Project 15-16</i>	(M) 94.006	67380024D	59,403	-
			241,283	15,852
Volunteers in Service to America <i>Vista Community Outreach</i>	94.013	13VSNIL001	23,000	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 264,283	\$ 15,852
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
Homeland Security Grant Program Passed-Through Illinois Emergency Management Agency <i>Illinois Terrorism Task Force (ITTF) FFY14</i>	97.067	14SHSPWIU	\$ 247,224	\$ -
<i>Illinois Terrorism Task Force (ITTF) Urban Area Security Initiative FFY14</i>	97.067	14UASIWIU	247,231	-
<i>School and Campus Security Program FFY14</i>	97.067	14SHWIUSEC	5,423	-
<i>UASI School and Campus Security FFY14</i>	97.067	14UAWIUSEC	686	-
<i>Illinois Terrorism Task Force (ITTF) FFY15</i>	97.067	15SHSPWIU	95,103	-
<i>Illinois Terrorism Task Force (ITTF) Urban Area Security Initiative FFY15</i>	97.067	15UASIWIU	95,130	-
<i>School and Campus Security Program FFY15</i>	97.067	15WIUTRG	14,711	-
<i>UASI School and Campus Security FFY15</i>	97.067	15UASWITRG	10,580	-
Passed-Through Illinois Law Enforcement Training and Standards Board <i>Homeland Security Federal Fiscal Year 14 Funds</i>	97.067	14ILETSB	206,970	-
<i>Homeland Security Federal Fiscal Year 15 Funds</i>	97.067	15ILETSB	115,179	-
<i>Intelligence Gathering and Information Sharing</i>	97.067	15UAILET	12,894	-
TOTAL DEPARTMENT OF HOMELAND SECURITY			\$ 1,051,131	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 96,997,860	\$ 40,139

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016**

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Because the SEFA presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

NOTE 2 - STUDENT LOAN PROGRAM ADMINISTERED BY THE UNIVERSITY

The University administered the following federal loan program during the year ended June 30, 2016:

Perkins Loan Program CFDA No. 84.038

Outstanding balance, July 1, 2015	\$2,123,354
Additions:	
Interest income	36,758
Contributions	10,075
Allowance for uncollectible adjustments	1,835
Total additions	48,668

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016**

Deductions:	
Loans cancelled or written-off	30,053
Miscellaneous adjustments	
Administrative charges	56,691
Collection agency fees, net	136
Litigation costs	9,383
Total deductions	96,263
Outstanding balance, June 30, 2016	\$2,075,759

NOTE 3 - NON-CASH ASSISTANCE

The University did not receive any federal non-cash assistance during the fiscal year ended June 30, 2016.

NOTE 4 – FEDERAL UNEARNED REVENUE

The University did not have any unearned revenue related to federal programs as of June 30, 2016.

NOTE 5 - INSURANCE

During fiscal year ended 2016, there was no federally funded insurance in effect.

NOTE 6 – FEDERAL DEPOSITORY LIBRARY PROGRAM

The University Libraries serve as a depository library in the U.S. Government Publishing Office’s Federal Depository Library Program. The University is the legal custodian of government publications received under this program; however, these publications remain the property of the federal government.

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 APPROPRIATIONS FOR FISCAL YEAR 2016
 Fourteen Months Ended August 31, 2016

	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2016	Lapse Period Expenditures July 1 - August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Public Act 99-0502 and Public Act 99-0524					
<u>APPROPRIATED FUNDS</u>					
EDUCATION ASSISTANCE FUND (007)					
Personal services	\$ 14,712,743	\$ 14,711,857	\$ 886	\$ 14,712,743	\$ -
Awards, grants and matching funds	198,657	198,657	-	198,657	-
Subtotal - Fund 007	<u>14,911,400</u>	<u>14,910,514</u>	<u>886</u>	<u>14,911,400</u>	<u>-</u>
STATE COLLEGE AND UNIVERSITY TRUST FUND (417)					
Scholarships	20,000	-	20,000	20,000	-
GRAND TOTAL - ALL FUNDS	<u><u>\$ 14,931,400</u></u>	<u><u>\$ 14,910,514</u></u>	<u><u>\$ 20,886</u></u>	<u><u>\$ 14,931,400</u></u>	<u><u>\$ -</u></u>

NOTES:

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to University records.
- Note 2: Expenditure amounts are vouchers approved and paid by the University and submitted to the Office of the State Comptroller for reimbursement of payments made to vendors.
- Note 3: During Fiscal Year 2016, the University operated without enacted appropriations until Public Act 99-0502 and Public Act 99-0524 were signed into law on April 25, 2016 and June 30, 2016 respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the University's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007. Further, the University incurred reimbursable payroll and non-payroll obligations within Fund 007 and Fund 417, which the University was unable to process a reimbursement for the expenditures incurred by the University's Income Fund until the passage of Public Act 99-0502 and Public Act 99-524.
- Note 4: Public Act 99-524 authorizes the University to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for operational expenditures. The Analysis of Operations section of this report at page 75 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against its Fiscal Year 2017 appropriation.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2016 and 2015

	Fiscal Year	
	2016	2015
	P.A. 99-0524 and P.A. 99-0502	P.A. 99-0001 and P.A. 98-0678
EDUCATION ASSISTANCE FUND (007)		
Appropriations (net of transfers)	\$ 14,911,400	\$ 51,445,200
Expenditures		
Personal services	\$ 14,712,743	\$ 45,425,500
Contractual services	-	2,443,800
Commodities	-	374,800
Equipment	-	391,000
Operation of automotive equipment	-	176,000
Telecommunications	-	146,600
Group insurance	-	1,705,500
Social Security/Medicare contributions	198,657	782,000
Total expenditures	<u>14,911,400</u>	<u>51,445,200</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
STATE COLLEGE AND UNIVERSITY TRUST FUND (417)		
Appropriations (net of transfers)	\$ 20,000	\$ 20,000
Expenditures		
Scholarships	<u>20,000</u>	<u>20,000</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
GRAND TOTAL, ALL FUNDS		
Appropriations (net of transfers)	\$ 14,931,400	\$ 51,465,200
Expenditures	<u>14,931,400</u>	<u>51,465,200</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>

Notes:

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to University records.
- Note 2: Expenditure amounts are vouchers approved and paid by the University and submitted to the Office of the State Comptroller for reimbursement of payments made to vendors.
- Note 3: During Fiscal Year 2016, the University operated without enacted appropriations until Public Act 99-0502 and Public Act 99-0524 were signed into law on April 25, 2016 and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the University's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007. Further, the University incurred reimbursable payroll and non-payroll obligations within Fund 007 and Fund 417, which the University was unable to process a reimbursement for the expenditures incurred by the University's Income Fund until the passage of Public Act 99-0502 and Public Act 99-524.
- Note 4: Public Act 99-524 authorizes the University to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for operational expenditures. The Analysis of Operations section of this report at page 75 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against its Fiscal Year 2017

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF CHANGES IN CAPITAL ASSETS
For the Year Ended June 30, 2016**

	Balance June 30, 2015	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2016
Non-depreciable capital assets:					
Land and land improvements	\$ 3,256,432	\$ 287,249	\$ -	\$ 59,319	\$ 3,603,000
Works of art and historical treasures	618,821	-	(27,254)	-	591,567
Construction in progress	7,243,677	1,139,386	(2,006,050)	(883,232)	5,493,781
Total non-depreciable capital assets	11,118,930	1,426,635	(2,033,304)	(823,913)	9,688,348
Depreciable capital assets:					
Site improvements	49,574,399	77,206	(3,051,647)	250,415	46,850,373
Buildings and building improvements	375,364,905	377,818	-	573,498	376,316,221
Equipment	80,057,683	1,281,933	(3,299,927)	11,928	78,051,617
Capital lease equipment	31,928	10,325	-	(11,928)	30,325
Total depreciable capital assets	505,028,915	1,747,282	(6,351,574)	823,913	501,248,536
Less accumulated depreciation:					
Site improvements	20,553,653	1,749,573	(301,166)	-	22,002,060
Buildings and building improvements	161,747,078	14,764,004	-	-	176,511,082
Equipment	72,183,240	2,454,472	(3,244,578)	5,964	71,399,098
Capital lease equipment	9,964	6,581	-	(5,964)	10,581
Total accumulated depreciation	254,493,935	18,974,630	(3,545,744)	-	269,922,821
Total depreciable capital assets, net	250,534,980	(17,227,348)	(2,805,830)	823,913	231,325,715
Capital assets, net	\$ 261,653,910	\$ (15,800,713)	\$ (4,839,134)	\$ -	\$ 241,014,063

Notes:

- (a) 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.
- (b) The Fiscal Year 2016 capital asset activities for both site improvements and building and building improvements included prior period adjustments for impaired assets totaling \$2,864,127. Also included in the capital activities for construction in progress and site improvements included prior period adjustments for demolition costs capitalized instead of being expensed as incurred totaling \$4,756,530.

SCHEDULE 5

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES
For the Years Ended June 30, 2016 and 2015**

	2016	2015
INCOME FUND		
REVENUES		
Tuition	\$ 78,653,450	\$ 80,205,902
Other student charges	2,203,441	1,905,819
Fines	4,480	7,607
Finance charges	461,034	493,901
Interest	30,842	69,061
Other	624,389	491,168
	81,977,636	83,173,458
 EXPENDITURES		
Personal services	84,329,745	56,383,318
Contractual services	9,035,099	7,773,800
Travel	342,291	674,491
Commodities	749,344	829,406
Library books and equipment	1,321,217	1,801,855
Operation of automotive equipment	172,967	98,631
Telecommunications	368,065	325,708
Awards, grants, and matching funds	5,948,060	4,849,968
Social Security/Medicare contributions	1,118,638	566,739
Group insurance	1,744,800	39,300
Permanent improvements	16,082	430,716
Tuition and fees waived	7,430,770	7,640,777
Employment security	49,901	32,546
	112,626,979	81,447,255
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (30,649,343)	\$ 1,726,203

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPARATIVE SCHEDULE OF CASH AND CASH EQUIVALENTS
June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents		
Cash on hand	\$ 59,091	\$ 62,502
Checking accounts		
Morton Community Bank (non-interest bearing)	361,258	133,143
Illinois Funds (2016, 0.165%; 2015, 0.017%)	135,996	63,138,369
Morton Community Bank (2016, 0.32%)	<u>40,724,901</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 41,281,246</u>	<u>\$ 63,334,014</u>

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES
For the Year Ended June 30, 2016**

A comparative schedule of significant variations in account balances (at least \$250,000 and 20% of the previous year) for the fiscal years ended June 30, 2016 and June 30, 2015 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30		INCREASE (DECREASE)	
	2016	2015	AMOUNT	%
Cash and cash equivalents	\$ 41,281,246	\$63,334,014	(\$22,052,768)	-35%
Due from primary government	1,057,369	9,044,265	(7,986,896)	-88%
Inventories	2,253,572	2,899,045	(645,473)	-22%
Other assets	302,046	801,691	(499,645)	-62%
Unamortized losses on debt refunding	1,013,323	491,758	521,565	106%
Accounts payable and accrued liabilities	4,819,231	3,672,512	1,146,719	31%
Due to primary government	1,943,375	110,034	1,833,341	1666%
Other liabilities	2,146,117	1,165,283	980,834	84%

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

Cash and cash equivalents

The decrease in cash and cash equivalents is due primarily to the decrease in State appropriations of \$36.5 million as a result of the State's budget impasse in Fiscal Year 2016 offset by the collection of the Fiscal Year 2015 balance of \$7.8 million. In addition, non-operating grants decreased by \$7.7 million. These reductions in income were offset by decreases in operating expenses of \$9.9 million and capital expenditures of \$3.7 million and delays in payment of liabilities to a 90-day payment period as part of the University's strategy to manage cash.

Due from primary government

The decrease in due from primary government is due mainly to timing of State payments as well as a decrease in State appropriations in Fiscal Year 2016. The Fiscal Year 2015 balance included \$7.8 million of Fiscal Year 2015 appropriations due from the State that were received in Fiscal Year 2016, while the Fiscal Year 2016 balance did not include any appropriations receivable from the State.

Inventories

The decrease in inventories is due to a decrease in textbook inventory in anticipation of the projected decline in enrollment and a delay in the purchases of textbooks as a result of the decrease in the State appropriations. The computer store operation was also discontinued in

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES (Continued)
For the Year Ended June 30, 2016**

Fiscal Year 2016.

Other Assets

The decrease is due to the return of the University's share in State University Risk Management Association (SURMA) assets when SURMA was dissolved in Fiscal Year 2016.

Unamortized losses on debt refunding

The increase is due mainly to the losses on refunding of the 2006 Revenue Bonds, and the 2005 and 2011 Certificates of Participation.

Accounts payable and accrued liabilities

The increase in accounts payable and accrued liabilities is in response to the State's budget impasse. The University deferred payments to vendors. Payments to vendors were paid within 90 days in Fiscal Year 2016, which then caused an increase in payables as of June 30, 2016.

Due to primary government

The increase is related to payables for health insurance to the Central Management Services (CMS) and audit fees which were not paid in Fiscal Year 2016 due to cash shortages.

Other liabilities

The increase in other liabilities is mainly attributable to the increase in unapplied payments on student accounts related to student loans received by students for which there are no current charges.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN OPERATING AND
NON-OPERATING REVENUES AND EXPENSES
For the Year Ended June 30, 2016**

A comparative schedule of significant variations in account balances (at least \$250,000 and 20% of the previous year) for the fiscal years ended June 30, 2016 and June 30, 2015 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30		INCREASE (DECREASE)	
	2016	2015	AMOUNT	%
State appropriations	\$14,931,400	\$51,465,200	(\$36,533,800)	-71%
Gifts	570,218	923,695	(353,477)	-38%
Nonoperating grants	25,208,764	32,859,506	(7,650,742)	-23%
Loss on impairment of capital assets	(719,294)	-	719,294	100%
Capital State appropriations	112,992	7,799,444	(7,686,452)	-99%

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

State appropriations

The decrease is attributable to the State budget impasse in Fiscal Year 2016.

Gifts

The decrease is due to a decrease in the amount of gifts contributed by donors.

Nonoperating grants

The decrease is due mainly to no funding received for the Monetary Award Program (MAP) grants for the Spring 2016 semester.

Loss on impairment of capital assets

The loss on impairment of capital assets relates to a residential building taken offline in July 2015. The carrying value of the building was reduced to zero in Fiscal Year 2016 as it was being prepared for demolition, thereby resulting in a loss on impairment.

Capital State appropriations

The decrease in Capital State appropriations is due to the completion of the construction of the Quad Cities Riverfront Campus Phase II in Fiscal Year 2015.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2016**

No appropriation line item had lapse period expenditures in excess of \$250,000 and 20% of total line item expenditures for the fourteen months ended August 31, 2016.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2016 and 2015**

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

	<u>2016</u>	<u>2015</u>
Current unrestricted funds	\$ 8,830,168	\$ 8,131,006
Current restricted funds	1,736,304	1,390,284
Loan funds	167	219
Plant funds	183,572	1,052,197
Agency funds	551	389
Total accounts receivable (net)	<u>\$ 10,750,762</u>	<u>\$ 10,574,095</u>

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

	<u>2016</u>	<u>2015</u>
Accounts receivable - all funds, at gross	\$ 16,426,254	\$ 15,129,795
Less: allowance for uncollectible accounts	5,675,492	4,555,700
Total accounts receivable (net)	<u>\$ 10,750,762</u>	<u>\$ 10,574,095</u>

Accounts receivable aging was as follows:

	<u>2016</u>	<u>2015</u>
Receivables not past due	\$ 5,226,415	\$ 5,317,729
Past due receivables:		
1 day - 90 days	2,962,935	3,232,534
91 days - 180 days	79,579	-
181 days - 1 year	1,547,140	1,099,354
Over 1 year	6,610,185	5,480,178
Total receivables past due	<u>11,199,839</u>	<u>9,812,066</u>
Total receivables, at gross	<u>\$ 16,426,254</u>	<u>\$ 15,129,795</u>

Accounts receivable of Western Illinois University (University) 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.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FEDERAL EXPENDITURES, NONFEDERAL EXPENSES AND NEW LOANS
For the Year Ended June 30, 2016**

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA	\$ 96,997,860
Total new loans made	- *
Amount of federal loan balances at beginning of the year	- *
Total Schedule A	<u>\$ 96,997,860</u>

Schedule B - Total Financial Component

Total operating expenses	\$ 299,311,221
Total nonoperating expenses	4,502,405
Total new loans made	69,867,465
Amount of federal loan balances at beginning of the year	<u>2,123,354</u>
Total Schedule B	<u>\$ 375,804,445</u>

Schedule C

Total Schedule A	\$ 96,997,860	25.8%
Total nonfederal expenses	<u>278,806,585</u>	<u>74.2%</u>
Total Schedule C	<u>\$ 375,804,445</u>	<u>100.0%</u>

* Loan amounts are included on SEFA schedule.

Note: These schedules are used to determine the University's single audit costs in accordance with the Uniform Guidance.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SUMMARY OF INDIRECT COST REIMBURSEMENTS
STATEMENT OF SOURCES AND APPLICATIONS
For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
SOURCES		
Federal	\$ 472,548	\$ 496,657
State	282,908	319,626
Private	2,649	6,388
Other	216,741	117,475
	<u>974,846</u>	<u>940,146</u>
APPLICATIONS		
Research	129,497	119,009
Academic support	184,930	363,432
Institutional support	326,349	353,106
	<u>640,776</u>	<u>835,547</u>
EXCESS OF SOURCES OVER APPLICATIONS	334,070	104,599
TRANSFERS AND OTHER DEDUCTIONS		
Transfers to other funds	<u>(114,386)</u>	<u>(113,649)</u>
EXCESS (DEFICIENCY) OF SOURCES OVER APPLICATIONS AFTER TRANSFERS AND OTHER DEDUCTIONS	219,684	(9,050)
FUND BALANCE, BEGINNING OF YEAR	<u>677,115</u>	<u>686,165</u>
FUND BALANCE, END OF YEAR	<u>\$ 896,799</u>	<u>\$ 677,115</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, 2016**

1. Cash and cash equivalents balance

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

Add:

Cash.....	\$	1,016,603	
Cash equivalents.....	\$	-	
Bank deposits.....	\$	-	
Marketable securities.....	\$	-	
Certificates of deposit.....	\$	-	
Repurchase agreements.....	\$	-	
Other cash equivalent items.....	\$	-	
Interfund receivables.....	\$	-	\$ 1,016,603

2. Allocated reimbursements

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

\$ 1,537,606; enter 30% of this amount..... \$ 461,282

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.....	\$	120,013
Encumbrances.....	\$	
Total.....	\$	120,013

5. Indirect cost carry-forward

a. Enter the total of items 2, 3 and 4..... \$ 581,295

b. Subtract from item 1 \$ 435,308

If a positive number results, enter here and remit for deposit in the Income Fund..... \$ 435,308

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED)
June 30, 2016**

	Auxiliary Enterprises - Revenue Bond		
	University Union	Recreation Facility	University Housing and Dining
CURRENT AVAILABLE FUNDS:			
Cash and cash equivalents (A)	\$ 3,011,005	\$ 579,619	\$ 224,221
WORKING CAPITAL ALLOWANCES:			
Highest month's expenditures	1,758,011	426,554	5,623,945
Encumbrances and current liabilities paid in lapse period	1,559,297	126,009	1,038,634
Refundable deposits/unearned revenue	29,943	78,625	101,425
Allowance for sick leave/vacation payouts	35,967	22,971	98,857
Total working capital allowances (B)	3,383,218	654,159	6,862,861
CURRENT EXCESS FUNDS:			
Deduct B from A (C)	(372,213)	(74,540)	(6,638,640)
CALCULATION OF INCOME FUND REMITTANCE:			
An entity may offset excess capital or current funds within the entity:			
Enter the amount to be offset (D)	-	-	-
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	\$ (372,213)	\$ (74,540)	\$ (6,638,640)

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED)
June 30, 2016

	Public Service 02	Student Programs and Services 03	Instructional Resources and Services 04	University Stores and Service Centers 05	University Publications 06	Sponsored Credit Programs 08	University Services 12
CURRENT AVAILABLE FUNDS:							
Cash and cash equivalents	\$ 1,350,918	\$ 2,492,551	\$ 813,679	\$ (1,105,380)	\$ 2,630	\$ 8,741	\$ 327,356
Marketable Securities	-	-	-	-	-	-	-
Interfund receivables	287	21,823	-	9,224	-	-	-
Total current available funds (A)	<u>1,351,205</u>	<u>2,514,374</u>	<u>813,679</u>	<u>(1,096,156)</u>	<u>2,630</u>	<u>8,741</u>	<u>327,356</u>
WORKING CAPITAL ALLOWANCES:							
Highest month's expenditures	708,121	5,563,135	671,350	851,533	1,323	83,805	372,532
Encumbrances and current liabilities paid in lapse period	270,990	440,477	115,308	382,944	-	11,040	153,599
Refundable deposits/unearned revenue	127,549	210,937	16,852	-	-	-	-
Total working capital allowances (B)	<u>1,106,660</u>	<u>6,214,549</u>	<u>803,510</u>	<u>1,234,477</u>	<u>1,323</u>	<u>94,845</u>	<u>526,131</u>
CURRENT EXCESS FUNDS:							
Deduct B from A (C)	<u>244,545</u>	<u>(3,700,175)</u>	<u>10,169</u>	<u>(2,330,633)</u>	<u>1,307</u>	<u>(86,104)</u>	<u>(198,775)</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>(72,503)</u>	<u>(314,188)</u>	<u>(235,525)</u>	<u>(32,431)</u>	<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>\$ 172,042</u>	<u>\$ (4,014,363)</u>	<u>\$ (225,356)</u>	<u>\$ (2,363,064)</u>	<u>\$ 1,307</u>	<u>\$ (86,104)</u>	<u>\$ (198,775)</u>

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED)
June 30, 2016**

	Unique Charge Programs							
	Geology Sum Fld 07	ECOEE Fall 2016 07	RPTA Fly Fish/Cons 07	New York Study SP16 07	WIU Livestock 07	Study Abroad 07	Disney World Comm 07	Brazilian Ag&Industry 07
CURRENT AVAILABLE FUNDS:								
Cash and cash equivalents	\$ 44,277	\$ 12,383	\$ 353	\$ 476	\$ 2,100	\$ 800	\$ 1,150	\$ 1,720
Interfund receivables	-	-	-	-	-	-	-	-
Total current available funds (A)	44,277	12,383	353	476	2,100	800	1,150	1,720
WORKING CAPITAL ALLOWANCES:								
Highest month's expenditures	-	-	-	-	-	-	-	-
Encumbrances and current liabilities paid in lapse period	44,277	371	-	-	-	-	-	-
Refundable deposits/unearned revenue	1,535	12,019	-	-	-	800	-	-
Total working capital allowances (B)	45,812	12,390	-	-	-	800	-	-
CURRENT EXCESS FUNDS:								
Deduct B from A (C)	(1,535)	(7)	353	476	2,100	-	1,150	1,720
CALCULATION OF INCOME FUND REMITTANCE:								
An entity may offset excess capital or current funds within the entity:								
Enter the amount to be offset (D)	-	-	-	-	-	-	-	-
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	\$ (1,535)	\$ (7)	\$ 353	\$ 476	\$ 2,100	\$ -	\$ 1,150	\$ 1,720

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED) (Continued)
June 30, 2016

	Unique Charge Programs (Continued)									Total
	Lang&Culture Germany 15 07	World of Harry Potter 07	WIU in Belfast 07	Stories of India 07	WISE 2016 07	RPTA Spain 07	Business Ireland 07	Folklore Ghana 07	WISE CostaRica 07	
CURRENT AVAILABLE FUNDS:										
Cash and cash equivalents	\$ 6,776	\$ 6,488	\$ 15,389	\$ 2,866	\$ 8,069	\$ 3,278	\$ 2,864	\$ 800	\$ 36	\$ 109,825
Interfund receivables	-	-	-	-	-	-	-	-	-	-
Total current available funds (A)	6,776	6,488	15,389	2,866	8,069	3,278	2,864	800	36	109,825
WORKING CAPITAL ALLOWANCES:										
Highest month's expenditures	-	-	-	-	-	-	-	-	-	-
Encumbrances and current liabilities paid in lapse period	6,776	6,488	-	2,866	8,069	3,278	2,864	-	-	74,989
Refundable deposits/unearned revenue	-	-	15,413	-	-	-	-	800	-	30,567
Total working capital allowances (B)	6,776	6,488	15,413	2,866	8,069	3,278	2,864	800	-	105,556
CURRENT EXCESS FUNDS:										
Deduct B from A (C)	-	-	(24)	-	-	-	-	-	36	4,269
CALCULATION OF INCOME FUND REMITTANCE:										
An entity may offset excess capital or current funds within the entity:										
Enter the amount to be offset (D)	-	-	-	-	-	-	-	-	-	-
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	\$ -	\$ -	\$ (24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ 4,269

SCHEDULE 14
(Continued)

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED)
June 30, 2016

	<u>Auxiliary Enterprises - Other</u>	
	<u>Parking</u>	<u>Transit Fee/</u>
	<u>Operations</u>	<u>QC Bookstore</u>
	<u>11</u>	<u>13</u>
CURRENT AVAILABLE FUNDS:		
Cash and cash equivalents	\$ 154,996	\$ 220,079
Interfund receivables	-	-
	<hr/>	<hr/>
Total current available funds (A)	154,996	220,079
	<hr/>	<hr/>
WORKING CAPITAL ALLOWANCES:		
Highest month's expenditures	80,271	81,561
Encumbrances and current liabilities paid in lapse period	34,111	183,938
Refundable deposits/unearned revenue	-	4,708
	<hr/>	<hr/>
Total working capital allowances (B)	114,382	270,207
	<hr/>	<hr/>
CURRENT EXCESS FUNDS:		
Deduct B from A (C)	40,614	(50,128)
	<hr/>	<hr/>
CALCULATION OF INCOME FUND REMITTANCE:		
An entity may offset excess capital or current funds within the entity:		
Enter the amount to be offset (D)	(50,002)	-
	<hr/>	<hr/>
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	\$ (9,388)	\$ (50,128)
	<hr/> <hr/>	<hr/> <hr/>

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
For the Year Ended June 30, 2016**

**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 organization, 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, 2016

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, 2016

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 services and 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 Business Services, Human Resources, University Technology, Public Safety, etc., provided to locally funded operations.

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 CURRENT FUNDS, UNRESTRICTED, OTHER
 BALANCE SHEET BY ENTITY
 June 30, 2016

	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	\$ 1,016,603	\$1,349,868	\$2,487,106	\$ 813,504	\$ (1,116,015)	\$ 2,630	\$ 109,825	\$ 8,741	\$ 40,732	\$1,759,194	\$ 327,356	\$ 6,799,544
Cash, change funds	-	1,050	5,445	175	10,635	-	-	-	-	-	-	17,305
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	209	90,271	653,678	64,759	38,111	-	(2,627)	-	-	-	-	844,401
Inventories	-	8,078	47,840	105,391	982,928	-	-	-	-	-	-	1,144,237
Other	-	-	186,240	-	-	-	-	-	-	-	-	186,240
Investment in plant:												
Equipment	-	155,950	289,133	371,946	635,996	-	-	-	-	-	-	1,453,025
Building	-	-	341,154	-	182,697	-	-	-	-	-	90,679	614,530
Construction in progress	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	1,016,812	1,605,217	4,010,596	1,355,775	734,352	2,630	107,198	8,741	40,732	1,759,194	418,035	11,059,282
DEFERRED OUTFLOWS OF RESOURCES												
Deferred outflows of resources - pension	1,467	-	-	-	-	-	-	787	-	-	-	2,254
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	1,018,279	1,605,217	4,010,596	1,355,775	734,352	2,630	107,198	9,528	40,732	1,759,194	418,035	11,061,536
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accrued salaries and wages	18,764	222,347	206,802	28,054	52,846	-	3,107	8,453	5,682	-	115,234	661,289
Interfund payables	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	101,249	43,734	228,407	87,664	316,631	-	69,250	2,587	120	-	38,365	888,007
Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	-	-	-	-	847,606	-	847,606
Deferred revenue	-	127,549	210,937	16,852	-	-	30,567	-	8,859	-	-	394,764
Lease obligations payable	-	-	-	-	13,351	-	-	-	-	-	-	13,351
Installment purchases payable	-	-	147,521	-	-	-	-	-	-	-	-	147,521
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	120,013	393,630	793,667	132,570	382,828	-	102,924	11,040	14,661	847,606	153,599	2,952,538
FUND BALANCES (DEFICIT)												
Current unrestricted	898,266	986,063	2,233,736	615,734	(486,248)	2,630	4,274	(1,512)	26,071	911,588	173,756	5,364,358
Renewals and replacements	-	69,574	314,188	235,525	32,430	-	-	-	-	-	-	651,717
Net investment in plant	-	155,950	669,005	371,946	805,342	-	-	-	-	-	90,680	2,092,923
Total fund balances (deficit)	898,266	1,211,587	3,216,929	1,223,205	351,524	2,630	4,274	(1,512)	26,071	911,588	264,436	8,108,998
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,018,279	\$1,605,217	\$4,010,596	\$ 1,355,775	\$ 734,352	\$ 2,630	\$ 107,198	\$ 9,528	\$ 40,732	\$1,759,194	\$ 418,035	\$11,061,536

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, 2016

	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	\$ -	\$ 721,185	\$ 12,579,731	\$ 1,932,661	\$ 2,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,235,903
Indirect cost recovery	798,703	-	-	-	-	-	-	-	-	-	-	798,703
Investment income	987	1,876	5,956	565	1,623	-	4	16	108	3,470	830	15,435
Sales and subscriptions	-	142,094	331,349	225,682	1,964,614	1,463	1,808	-	-	-	-	2,667,010
Charges for services	28,456	2,382,257	1,200,470	88,309	2,630,620	-	365,022	136,339	-	-	2,500	6,833,973
Athletic guarantees	-	-	1,099,000	-	-	-	-	-	-	-	-	1,099,000
Other	138,299	7,627	1,207,468	105,810	150,132	983	-	-	-	-	658	1,610,977
Gifts	8,402	22,383	159,240	169	50,000	-	35,583	-	54,515	-	-	330,292
Expended for plant facilities	42,750	75,837	69,811	153,878	155,002	-	-	-	-	-	-	497,278
Other fixed asset additions	-	-	148,675	10,000	75,705	-	-	-	-	-	-	234,380
Total revenues and other additions	1,017,597	3,353,259	16,801,700	2,517,074	5,030,022	2,446	402,417	136,355	54,623	3,470	3,988	29,322,951
EXPENDITURES AND OTHER DEDUCTIONS												
Cost of sales	-	81,709	50,694	5,034	2,027,289	-	1,693	-	-	-	-	2,166,419
Personal services	46,543	2,078,589	3,752,708	623,248	1,139,170	1,081	5,080	83,532	59,615	225,956	2,113,198	10,128,720
Contractual services	284,088	514,405	7,512,676	584,949	338,869	57	340,132	15,934	1,964	-	417,681	10,010,755
Telecommunications	3,893	25,607	158,956	3,869	430,156	-	392	-	-	-	4,306	627,179
Travel	28,170	43,602	189,275	32,720	202,227	-	22,439	11,151	-	-	3,878	533,462
Retirement	1,900	-	-	-	-	-	-	-	-	-	-	1,900
Group Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Commodities	28,926	117,795	1,002,437	465,838	188,118	-	20,932	1,861	3,987	-	8,426	1,838,320
Equipment	94,642	147,838	132,603	120,360	158,810	-	-	214	-	-	45,171	699,638
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Scholarships	-	28,812	2,302,225	136,395	-	-	-	-	-	-	-	2,467,432
Compensated absences adjustment	-	-	-	-	-	-	-	-	-	(158,592)	-	(158,592)
Indirect cost	-	-	-	-	-	-	-	-	-	-	-	-
Athletic guarantees	-	-	24,689	-	-	-	-	-	-	-	-	24,689
Other	153,048	218,170	679,986	209,550	252,944	457	258	27,690	1,019	2,797	(2,589,509)	(1,043,590)
Expended for plant facilities	-	-	-	-	-	-	-	-	-	-	-	-
Expended for renewals and replacements	-	-	-	-	-	-	-	-	-	-	-	-
Other fixed asset deductions	-	50,574	210,065	187,143	205,393	-	-	-	-	-	9,909	663,084
Total expenditures and other deductions	641,210	3,307,101	16,016,314	2,369,106	4,942,976	1,595	390,926	140,382	66,585	70,161	13,060	27,959,416
NET INCREASE (DECREASE) IN FUND BALANCES BEFORE TRANSFERS												
	376,387	46,158	785,386	147,968	87,046	851	11,491	(4,027)	(11,962)	(66,691)	(9,072)	1,363,535
TRANSFERS												
Transfers from (to) other funds, current funds	(114,386)	(7,492)	-	-	(25,000)	-	-	-	-	-	-	(146,878)
Transfers from (to) other funds, plant funds	(42,750)	9,505	12,576	(17,854)	58,118	-	-	-	-	-	-	19,595
Transfer for College Work-Study matching	-	-	-	-	-	-	-	-	-	-	-	-
Transfers for lease obligation payments	-	-	-	-	(8,189)	-	-	-	-	-	-	(8,189)
Transfers for installment purchase payments	-	-	(149,906)	-	-	-	-	-	-	-	-	(149,906)
Total transfers	(157,136)	2,013	(137,330)	(17,854)	24,929	-	-	-	-	-	-	(285,378)
NET INCREASE (DECREASE) FOR THE YEAR												
	219,251	48,171	648,056	130,114	111,975	851	11,491	(4,027)	(11,962)	(66,691)	(9,072)	1,078,157
FUND BALANCES (DEFICIT), BEGINNING OF YEAR												
	679,015	1,163,416	2,568,873	1,093,091	239,549	1,779	(7,217)	2,515	38,033	978,279	273,508	7,030,841
FUND BALANCES (DEFICIT), END OF YEAR												
	\$ 898,266	\$ 1,211,587	\$ 3,216,929	\$ 1,223,205	\$ 351,524	\$ 2,630	\$ 4,274	\$ (1,512)	\$ 26,071	\$ 911,588	\$ 264,436	\$ 8,108,998

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
BALANCE SHEET BY ENTITY
June 30, 2016**

	<u>University Union</u>	<u>Recreation Facility</u>	<u>University Housing & Dining</u>	<u>Total</u>
ASSETS				
Current funds:				
Cash and investments	\$ 3,011,005	\$ 579,619	\$ 224,221	\$ 3,814,845
Accounts and interest receivable, less allowance for doubtful accounts of \$2,698,200	681,860	100,093	1,648,965	2,430,918
Inventories	1,095,703	12,003	-	1,107,706
Total assets, current funds	<u>4,788,568</u>	<u>691,715</u>	<u>1,873,186</u>	<u>7,353,469</u>
Plant funds:				
Cash - retirement of indebtedness	39,519	59,356	750,321	849,196
Cash and investments - renewals and replacements	1,593,237	483,122	17,859,816	19,936,175
Cash and investments - construction funds	-	107	-	107
Investment in plant, net:				
Land, buildings, and improvements	9,669,069	11,982,544	80,156,149	101,807,762
Equipment	26,338	155,730	314,055	496,123
Construction in progress	-	-	2,420,671	2,420,671
Bond issuance costs	-	25,374	248,940	274,314
Total assets, plant funds	<u>11,328,163</u>	<u>12,706,233</u>	<u>101,749,952</u>	<u>125,784,348</u>
TOTAL ASSETS	<u>16,116,731</u>	<u>13,397,948</u>	<u>103,623,138</u>	<u>133,137,817</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Current funds:				
Accrued payroll	130,002	71,023	468,355	669,380
Accounts payable	1,312,264	54,807	569,569	1,936,640
Unearned revenue	29,943	78,625	101,425	209,993
Accrued compensated absences	224,702	143,508	617,602	985,812
Total liabilities, current funds	<u>1,696,911</u>	<u>347,963</u>	<u>1,756,951</u>	<u>3,801,825</u>
FUND BALANCES				
Fund balances, reserve for operations	3,091,657	343,752	116,235	3,551,644
Total liabilities and fund balances, current funds	<u>4,788,568</u>	<u>691,715</u>	<u>1,873,186</u>	<u>7,353,469</u>
LIABILITIES				
Plant funds:				
Accounts payable and accrued payroll	14,062	107	80,596	94,765
Accrued interest	38,914	51,281	728,303	818,498
Revenue bonds payable	4,431,713	3,218,862	57,900,359	65,550,934
Total liabilities, plant funds	<u>4,484,689</u>	<u>3,270,250</u>	<u>58,709,258</u>	<u>66,464,197</u>
FUND BALANCES				
Retirement of indebtedness	605	33,449	270,958	305,012
Renewals, replacements reserve	1,579,175	483,122	17,779,220	19,841,517
Investment in plant, net	5,263,694	8,919,412	24,990,516	39,173,622
Total fund balances, plant funds	<u>6,843,474</u>	<u>9,435,983</u>	<u>43,040,694</u>	<u>59,320,151</u>
Total liabilities and fund balances, plant funds	<u>11,328,163</u>	<u>12,706,233</u>	<u>101,749,952</u>	<u>125,784,348</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,116,731</u>	<u>\$ 13,397,948</u>	<u>\$ 103,623,138</u>	<u>\$ 133,137,817</u>

**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, 2016**

	University Union	Recreation Facility	University Housing & Dining	Total
REVENUES				
Room and board	\$ -	\$ -	\$ 34,054,465	\$ 34,054,465
Graduate and family housing	-	-	176,459	176,459
Sales and services	3,947,651	578,561	1,771,686	6,297,898
Student fees	3,140,597	2,982,887	675,523	6,799,007
Investment income	11,780	5,506	59,607	76,893
Other	165,898	36,513	1,560,922	1,763,333
Total revenues	7,265,926	3,603,467	38,298,662	49,168,055
OPERATING EXPENDITURES				
Cost of merchandise sold	2,809,363	51,596	-	2,860,959
Personal services:				
Student	184,453	326,879	1,430,910	1,942,242
Regular	2,071,554	1,275,318	7,114,470	10,461,342
Compensated absences	(19,738)	(12,152)	(67,789)	(99,679)
Fringe benefits	59,745	32,309	259,333	351,387
Food service and catering	16,643	2,114	11,859,584	11,878,341
Contractual services	193,202	54,456	563,887	811,545
Supplies	54,245	72,574	192,151	318,970
Travel	5,444	6,781	22,762	34,987
Utilities	220,501	138,379	2,201,771	2,560,651
Telephone	16,288	5,200	71,986	93,474
Repairs and maintenance	158,919	61,036	852,855	1,072,810
Insurance	18,913	9,666	156,063	184,642
Other financial	40,465	2,748	13,292	56,505
Equipment	1,683	20,990	65,182	87,855
Bad debts	42,238	34,876	903,007	980,121
Administrative support	266,540	132,866	1,391,243	1,790,649
Miscellaneous	60,332	43,572	1,456,392	1,560,296
Total operating expenditures	6,200,790	2,259,208	28,487,099	36,947,097
EXCESS OF REVENUES OVER OPERATING EXPENDITURES	1,065,136	1,344,259	9,811,563	12,220,958
TRANSFERS				
Transfers for principal and interest	(484,731)	(751,486)	(6,174,052)	(7,410,269)
Transfers for renewals, replacements, deferred maintenance and equipment reserve	(576,583)	(589,919)	(3,632,724)	(4,799,226)
	(1,061,314)	(1,341,405)	(9,806,776)	(12,209,495)
NET INCREASE FOR THE YEAR	3,822	2,854	4,787	11,463
FUND BALANCES, BEGINNING OF YEAR	3,087,835	340,898	111,448	3,540,181
FUND BALANCES, END OF YEAR	\$ 3,091,657	\$ 343,752	\$ 116,235	\$ 3,551,644

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, 2016

	University Union	Recreation Facility	University Housing & Dining	Total
Retirement of indebtedness				
Fund balances, July 1, 2015	\$ 604	\$ 8,037	\$ 216,442	\$ 225,083
Interest income	1	1,140	2,939	4,080
Bond issuance expenditures	-	(67,536)	(184,971)	(252,507)
Retirement of bonds	(312,186)	(591,660)	(3,356,154)	(4,260,000)
Bonds refunded	-	(5,844)	(15,056)	(20,900)
Interest paid, bonds	(172,545)	(159,826)	(2,817,898)	(3,150,269)
Mandatory debt retirement transfer	484,731	751,486	6,174,052	7,410,269
Bond proceeds	-	97,652	251,604	349,256
Fund balances, June 30, 2016	<u>\$ 605</u>	<u>\$ 33,449</u>	<u>\$ 270,958</u>	<u>\$ 305,012</u>
Renewals, replacements, def. maint. and equipment reserve				
Fund balances (deficit), July 1, 2015	\$ 1,142,962	\$ 64,510	\$ 14,940,400	\$ 16,147,872
Transfers from current funds	576,583	589,919	3,632,724	4,799,226
Expenditures for renewals and replacements	(140,370)	(171,307)	(793,904)	(1,105,581)
Fund balances, June 30, 2016	<u>\$ 1,579,175</u>	<u>\$ 483,122</u>	<u>\$ 17,779,220</u>	<u>\$ 19,841,517</u>
Project construction fund				
Fund balances, July 1, 2015	\$ -	\$ 107	\$ -	\$ 107
Expenditures for renewals and replacements	-	(107)	-	(107)
Fund balances, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investment in plant (net)				
Fund balances, July 1, 2015	\$ 5,530,852	\$ 8,854,027	\$ 26,717,696	\$ 41,102,575
Retirement of bonds	312,186	612,633	3,385,531	4,310,350
Bonds refunded	-	2,685,628	6,919,623	9,605,251
Additions to plant	34,485	47,443	428,922	510,850
Depreciation	(624,312)	(505,213)	(5,398,636)	(6,528,161)
Gifts and other (additions and deductions to fixed assets)	-	(130)	(21,852)	(21,982)
Discount amortization	14,352	23,041	172,367	209,760
Refund amortization	(3,869)	(20,581)	(65,290)	(89,740)
Bonds issued	-	(2,777,436)	(7,156,170)	(9,933,606)
Transfers (net)	-	-	8,325	8,325
Fund balances, June 30, 2016	<u>\$ 5,263,694</u>	<u>\$ 8,919,412</u>	<u>\$ 24,990,516</u>	<u>\$ 39,173,622</u>

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 AUXILIARY ENTERPRISE FUNDS - OTHER
 BALANCE SHEET BY ENTITY
 June 30, 2016

	Parking Operations	Transit Fee	Quad Cities Bookstore	Total
ASSETS				
Cash and temporary cash investments	\$ 154,696	\$ 223,055	\$ (2,976)	\$ 374,775
Investments, other	-	-	-	-
Change funds	300	-	-	300
Accounts receivable, net	61,179	22,880	-	84,059
Inventory	-	-	1,627	1,627
Investment in plant:				
Buildings	15,342	-	-	15,342
Site improvements	1,276,839	89,482	-	1,366,321
Equipment	-	17,742	-	17,742
Construction in progress	-	-	-	-
TOTAL ASSETS	1,508,356	353,159	(1,349)	1,860,166
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued payroll	30,766	4,028	-	34,794
Accounts payable	3,345	179,910	-	183,255
Deferred revenue	-	4,708	-	4,708
Total liabilities	34,111	188,646	-	222,757
FUND BALANCES (DEFICIT)				
Current unrestricted	182,062	57,290	(1,349)	238,003
Renewals and replacements	2	-	-	2
Net investment in plant	1,292,181	107,223	-	1,399,404
Total fund balances (deficit)	1,474,245	164,513	(1,349)	1,637,409
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 1,508,356	\$ 353,159	\$ (1,349)	\$ 1,860,166

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, 2016

	Parking Operations	Transit Fee	Quad Cities Bookstore	Total
REVENUES AND OTHER ADDITIONS				
Sales and services	\$ 497,864	\$ -	\$ 6,160	\$ 504,024
Fees	-	661,977	-	661,977
Investment income	329	400	-	729
Fines	261,625	-	-	261,625
Other revenues	3,597	5,068	-	8,665
Expended for plant facilities	49,446	-	-	49,446
Other fixed asset additions	-	-	-	-
Total revenues and other additions	812,861	667,445	6,160	1,486,466
EXPENDITURES AND OTHER DEDUCTIONS				
Personal services	548,772	66,455	-	615,227
Contractual services	34,497	368,721	-	403,218
Cost of goods sold	-	-	6,834	6,834
Commodities	15,652	13,315	-	28,967
Permanent improvements	-	-	-	-
Equipment	1,834	-	-	1,834
Travel	-	311	-	311
Telecommunications	1,498	2,634	-	4,132
Other expenditures	60,991	223,914	308	285,213
Expended for plant facilities	136,000	-	-	136,000
Expended for renewals and replacements	-	-	-	-
Other fixed asset deductions	91,302	12,281	-	103,583
Total expenditures and other deductions	890,546	687,631	7,142	1,585,319
NET DECREASE IN FUND BALANCES BEFORE TRANSFERS				
	(77,685)	(20,186)	(982)	(98,853)
TRANSFERS				
Transfers to other funds, current funds	-	-	-	-
Transfers to other funds, plant funds	(49,446)	-	-	(49,446)
NET DECREASE FOR THE YEAR	(127,131)	(20,186)	(982)	(148,299)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	1,601,376	184,699	(367)	1,785,708
FUND BALANCES (DEFICIT), END OF YEAR	\$ 1,474,245	\$ 164,513	\$ (1,349)	\$ 1,637,409

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED)
For the Year Ended June 30, 2016**

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 (HVHE) 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 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 area's 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.
- Campus Master Plans for Macomb and Quad Cities identify a 20-year plan for new and remodeled facilities, infrastructure and grounds at Western Illinois University. These plans were endorsed by all campus governance groups for implementation by the Western Illinois University Board of Trustees. The *Macomb Campus Master Plan 2012-2032* balances the need for facility and site improvements with fiscal realities of the present day. The plan is a collection of powerful ideas which established the framework for coordinating physical change on the Macomb campus. The plan presents a twenty-year vision to guide the future of the institution. The fundamental used in the 2007 Campus Master Plan remains relevant and served as the starting point for the 2012 master planning effort. *Vision 2020 for Quad Cities campus Master Plan* reflects the institution's values and creates a campus environment where lifelong relationships are established, ideas are tested, and learning is inspired. 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, 2016

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.

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, 2016

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, 2016

BUDGET IMPASSE DISCLOSURES (UNAUDITED)

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized Western Illinois University (University) to pay Fiscal Year 2016 costs using the University's Fiscal Year 2017 appropriations for operational expenditures. The following chart shows the University's plan to expend its Fiscal Year 2017 appropriations to cover its Fiscal Year 2016 costs:

OUTSTANDING FISCAL YEAR 2016 INVOICES			
Fund #	Fund Name	No. of Invoices	Dollar Value
0007	Education Assistance Fund	59	\$31,389,000

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016**

**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND PROGRAMS
TO ADDRESS UNTIMELY PAYMENTS TO VENDORS (UNAUDITED)**

Transactions Involving the Illinois Finance Authority

The University and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

During Fiscal Year 2016, none of the University's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI).

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016**

INTEREST COST ON FISCAL YEAR 2016 INVOICES (UNAUDITED)

Prompt Payment Interest Costs

Western Illinois University (University) did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540). The University's vendors were paid within 90 days and/or paid from funds and accounts that are ineligible for prompt payment interest due to vendors under the Act.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED)
For the Year Ended June 30, 2016**

**COMMENTS ON THE PERCENTAGE OF TOTAL EXPENDITURES
REPRESENTED BY ADMINISTRATIVE COSTS (UNAUDITED)**

The percentage of total Fiscal Year 2016 expenditures represented by administrative costs for the year ending June 30, 2016 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, 2016 and 2015

EMPLOYMENT STATISTICS - FULL-TIME EQUIVALENT* (UNAUDITED)

	<u>Instructional Activities</u>	<u>Organized Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>O&M Physical Plant</u>	<u>Independent Operations</u>	<u>Total All Functions</u>
Year Ended June 30, 2016									
Appropriated funds:									
Faculty/administrative	718.8	15.6	27.7	43.7	59.0	29.0	6.8	-	900.6
Civil service	147.4	8.5	12.7	53.0	31.6	72.0	136.7	-	461.9
Student employees	22.6	2.2	1.2	21.5	4.2	5.4	3.6	-	60.7
Total appropriated	<u>888.8</u>	<u>26.3</u>	<u>41.6</u>	<u>118.2</u>	<u>94.8</u>	<u>106.4</u>	<u>147.1</u>	<u>-</u>	<u>1,423.2</u>
Non-appropriated funds:									
Faculty/administrative	6.5	9.0	73.2	-	43.5	-	3.3	37.8	173.3
Civil service	1.7	-	10.4	0.1	44.2	-	116.7	76.0	249.1
Student employees	26.1	5.5	12.5	-	35.7	-	11.6	114.0	205.4
Total non-appropriated	<u>34.3</u>	<u>14.5</u>	<u>96.1</u>	<u>0.1</u>	<u>123.4</u>	<u>-</u>	<u>131.6</u>	<u>227.8</u>	<u>627.8</u>
Total all funds	<u>923.1</u>	<u>40.8</u>	<u>137.7</u>	<u>118.3</u>	<u>218.2</u>	<u>106.4</u>	<u>278.7</u>	<u>227.8</u>	<u>2,051.0</u>
Year Ended June 30, 2015									
Appropriated funds:									
Faculty/administrative	743.2	16.5	27.2	44.3	62.7	29.2	10.8	-	933.9
Civil service	160.9	8.6	15.3	59.7	32.9	83.2	151.1	-	511.7
Student employees	26.3	4.8	1.9	22.7	4.9	6.9	4.0	-	71.5
Total appropriated	<u>930.4</u>	<u>29.9</u>	<u>44.4</u>	<u>126.7</u>	<u>100.5</u>	<u>119.3</u>	<u>165.9</u>	<u>-</u>	<u>1,517.1</u>
Non-appropriated funds:									
Faculty/administrative	6.5	6.5	79.2	-	46.0	-	8.0	39.0	185.2
Civil service	1.4	0.1	14.2	0.1	45.1	-	120.1	82.0	263.0
Student employees	28.9	4.7	11.6	0.2	35.7	-	12.7	121.1	214.9
Total non-appropriated	<u>36.8</u>	<u>11.3</u>	<u>105.0</u>	<u>0.3</u>	<u>126.8</u>	<u>-</u>	<u>140.8</u>	<u>242.1</u>	<u>663.1</u>
Total all funds	<u>967.2</u>	<u>41.2</u>	<u>149.4</u>	<u>127.0</u>	<u>227.3</u>	<u>119.3</u>	<u>306.7</u>	<u>242.1</u>	<u>2,180.2</u>

NOTE:

* Statistics presented represent the average number of employees on a full time equivalent basis from July 1, 2015 through June 30, 2016 derived from University records.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Years Ended June 30, 2016 and 2015

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, 2016 and 2015 are presented below:

	<u>2016</u>	<u>2015</u>
Fall term:		
Undergraduate students	8,432	8,980
Graduate students	1,402	1,438
Extension students	1,260	1,040
Total enrollment	<u>11,094</u>	<u>11,458</u>
Full-time equivalent students	<u>9,560</u>	<u>9,944</u>
Spring term:		
Undergraduate students	7,496	8,164
Graduate students	1,290	1,388
Extension students	1,312	1,124
Total enrollment	<u>10,098</u>	<u>10,676</u>
Full-time equivalent students	<u>8,641</u>	<u>9,198</u>
Summer term:		
Undergraduate students	847	959
Graduate students	333	399
Extension students	1,990	2,061
Total enrollment	<u>3,170</u>	<u>3,419</u>
Full-time equivalent students	<u>2,404</u>	<u>2,500</u>
Annual full-time equivalent students (based on average per term exclusive of summer term)	<u>9,101</u>	<u>9,571</u>

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016**

**SCHEDULE OF UNRESTRICTED CURRENT FUNDS
GENERAL EXPENDITURE PER FULL-TIME EQUIVALENT STUDENT*
AS REPORTED TO THE BOARD OF HIGHER EDUCATION (UNAUDITED)**

	Total Costs**	Total Costs Per Full-Time Equivalent Student*
Direct salary	40,706,947	\$ 4,472
Indirect instruction	8,647,939	950
Departmental research	2,376,403	261
Departmental overheads	10,513,657	1,155
College or school overheads	5,550,546	610
	<u>67,795,492</u>	<u>7,448</u>
Total department and college costs		
Overhead support unique to a function	6,932,309	762
All other academic support	7,659,095	842
Student services	5,173,639	568
Institutional support	10,439,754	1,147
	<u>30,204,797</u>	<u>3,319</u>
Total University overheads		
Total department and college costs with University overheads	<u>98,000,289</u>	<u>10,767</u>
Operation and maintenance of physical plant	<u>12,491,914</u>	<u>1,373</u>
Total costs	<u>\$ 110,492,203</u>	<u>\$ 12,140</u>

NOTES:

* *The number of full-time equivalent (FTE) students for Fiscal Year 2016 is the sum of FTE students for Fall 2015 and Spring 2016 semesters divided by two.*

Fall 2015 FTE	9,560
Spring 2016 FTE	8,641
Full-time equivalent	9,101

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

Source: FY2016 WIU Discipline Cost Study

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016**

UNIVERSITY BOOKSTORE INFORMATION (UNAUDITED)

Contracted / Rents to students / University operated	University operated
Contractor	Not applicable
Contract term	Not applicable
Amount of gross sales for bookstore in FY 2016	\$3,772,500
Commissions	Not applicable
Commission terms	Not applicable
Given exclusive rights	No
Competition "other" nearby / on-campus bookstores	Chapman's Bookstore

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016**

SPECIAL DATA REQUIREMENTS FOR UNIVERSITY AUDITS (UNAUDITED)

In accordance with an Office of the Auditor General, July 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, 2016, where such special data is found.

Compliance Findings

13(a) A finding of noncompliance with University Guidelines for the year ended June 30, 2016 was noted, see findings 2016-004 and 2016-006.

Indirect Cost Reimbursement

13(b) A statement of sources and applications of indirect cost reimbursements is included in this report on page 55.

13(c) The University’s calculation sheet for indirect cost carry-forward is included in this report on page 56.

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 62 through 64.

13(f) Entity financial statements are presented on pages 65 through 71 of this report. The entity financial statements should be read in conjunction with the University’s audited financial statements for the year ended June 30, 2016.

13(g) The University’s calculation sheets for current excess funds are presented in this report on pages 57 through 61.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016

SPECIAL DATA REQUIREMENTS FOR UNIVERSITY AUDITS (UNAUDITED)
(Continued)

- 13(h) The University Auxiliary Enterprises and activities received \$2,448,750 for group insurance and \$1,215,670 for pensions from State appropriated funds for the year ended June 30, 2016. 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 68 of this report. Description of the accounts and requirements is included in Note 10 of the June 30, 2016 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, 2016.
- 13(k) As of June 30, 2016, the University did not have a non-instructional 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 2015. The University had the ability to establish a non-instructional facilities reserve account in conjunction with the Series 2005 Bonds. However, the Series 2005 Bonds were defeased during Fiscal Year 2015.

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 87 of this report.
- 13(n) The University provided the Foundation with \$1,859,935 in administration and support services during the year ended June 30, 2016, for the Foundation's fundraising services.
- 13(o) There were no unreimbursed subsidies from the University to the Foundation for the year ended June 30, 2016.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016

SPECIAL DATA REQUIREMENTS FOR UNIVERSITY AUDITS (UNAUDITED)
(Continued)

Other Topics

- 13(p) There was no debt financed by the Foundation in Fiscal Year 2016.
- 13(q) Schedules of cash and cash equivalents held by the University are presented in this report on page 48.
- 13(r) Income from investments of pooled funds has been allocated and credited to the original source of the funds.
- 13(s) A schedule of costs per full-time equivalent student is presented on page 81 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 87 of this report.
- 13(u) On July 14, 2015, the Series 2015 Certificates of Participation were issued in the principal amount of \$15,100,000. Proceeds from the sale of the Series 2015 Certificates of Participation were used to provide for the current refunding of the outstanding Series 2005 Certificates of Participation in the principal amount of \$7,160,000, the advance refunding of the outstanding Series 2011 Certificates of Participation in the principal amount of \$9,265,000, and to pay certain expenses related to the issuance of the bonds. The net proceeds plus funds provided by the University were deposited into the Series 2005 Installment Payment Fund and the 2011 Installment Payment Fund to redeem all of the Refunded Series 2005 and 2011 Certificates of Participation on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 and 2011 Certificates of Participation are considered defeased and the liability for that portion of the certificates has been removed from the University's Statement of Net Position.

On March 11, 2010, the Series 2010 Certificates of Participation were issued in the amount of \$11,585,000. Proceeds from the sale of the Series 2010 Certificates of Participation were used for issuance costs and the rest were used to finance capital improvements projects to several campus buildings as well as Phase II of the campus steam line replacements. Additionally, proceeds from the sale reimbursed the University for a portion of the cost of the sprinkler system installation in Thompson and Tanner Halls.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016**

**SPECIAL DATA REQUIREMENTS FOR UNIVERSITY AUDITS (UNAUDITED)
(Continued)**

During the current fiscal year, there is no outstanding participation in lease or purchase arrangements involving COPS.

13(v) The Schedule of Income Fund Revenues and Expenditures is presented on page 47 of this report.

13(w) The Schedule of Tuition and Fee Waivers is presented on page 88 through 89 of this report.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016

SUMMARY OF WESTERN ILLINOIS UNIVERSITY FOUNDATION
TRANSACTIONS WITH THE UNIVERSITY (UNAUDITED)

During the year ended June 30, 2016, Western Illinois University (University) had a contract with the 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 \$1,859,935 for the year ended June 30, 2016. As required by the 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 non-qualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University for the year ended June 30, 2016.

Funds considered unrestricted for purpose of the University Guidelines computations:	
Totally unrestricted	\$ 322,837
Restricted only as to campus, college or department and generally available for ongoing University operations	<u>3,783,892</u>
Total funds considered unrestricted	<u>4,106,729</u>
Funds considered restricted for purpose of the University Guidelines computations:	
Total funds given for scholarships, grants and awards	2,811,016
Other restricted funds	<u>983,854</u>
Total funds considered restricted	<u>3,794,870</u>
Total funds provided to the University by the Foundation	<u>\$ 7,901,599</u>

During the year ended June 30, 2016, the Foundation and University did not purchase or receive a donation or gift of real estate with a value in excess of \$250,000.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016**

UNDERGRADUATE TUITION AND FEE WAIVERS (UNAUDITED)

	Tuition Waived			Fees Waived	
	Number of Recipients *	Number of Recipients *	Value of Waivers (In Thousands)	Number of Recipients *	Value of Waivers (In Thousands)
MANDATORY WAIVERS					
(SUBTOTAL)	424	424	\$ 2,509.0	40	\$ 80.5
Teacher Special Education	24	24	198.3	24	52.3
General Assembly					
ROTC	47	47	403.9		
DCFS	15	15	102.6	15	26.9
Children of Employees	142	142	518.8		
Senior Citizens	1	1	5.0	1	1.3
Honorary Scholarships					
Veterans Grants & Scholarships**	195	195	1,280.4		
Other (please specify) ***					
DISCRETIONARY WAIVERS					
(SUBTOTAL)	601	601	2,368.1	29	15.9
Faculty/Administrators	6	6	13.3	4	3.0
Civil Service	45	45	97.2	23	8.4
Academic/Other Talent	245	245	411.7		
Athletic	175	175	1,055.8		
Gender Equity in					
Intercollegiate Athletics	118	118	747.7		
Foreign Exchange Students					
Out-of-State Students					
Foreign Students					
Student Need-Financial Aid					
Student Need-Special Programs					
Cooperating Professionals	2	2	1.6		
Research Assistants					
Teaching Assistants					
Other Assistants	3	3	4.2		
Student Employment					
Interinstitutional/Related Agencies					
Retired University Employees	5	5	18.5		
Children of Deceased Employees	2	2	18.1	2	4.5
Contract/Training Grants					
All Other (please specify)***					
TOTAL	1,025	1,025	\$ 4,877.1	69	\$ 96.4

* Unduplicated

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

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016**

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>	<u>30</u>	<u>30</u>	<u>\$ 104.5</u>	<u>1</u>	<u>\$ 0.5</u>
Teacher Special Education	1	1	5.2		
General Assembly					
ROTC					
DCFS					
Children of Employees					
Senior Citizens	1	1	1.9	1	0.5
Honorary Scholarships					
Veterans Grants & Scholarships**	28	28	97.4		
Other (please specify) ***					
<u>DISCRETIONARY WAIVERS</u>					
<u>(SUBTOTAL)</u>	<u>849</u>	<u>849</u>	<u>4,026.1</u>	<u>150</u>	<u>60.5</u>
Faculty/Administrators	62	62	130.6	48	20.4
Civil Service	81	81	215.9	47	22.0
Academic/Other Talent	4	4	11.7		
Athletic					
Gender Equity in					
Intercollegiate Athletics					
Foreign Exchange Students	2	2	25.1		
Out-of-State Students					
Foreign Students					
Student Need-Financial Aid					
Student Need-Special Programs					
Cooperating Professionals	107	107	191.5		
Research Assistants	47	47	258.6		
Teaching Assistants	300	300	1,767.4	40	12.1
Other Assistants	230	230	1,403.4		
Student Employment					
Interinstitutional/Related Agencies					
Retired University Employees	16	16	21.9	15	6.0
Children of Deceased Employees					
Contract/Training Grants					
All Other (please specify)***					
TOTAL	<u>879</u>	<u>879</u>	<u>\$ 4,130.6</u>	<u>151</u>	<u>\$ 61.0</u>

* Unduplicated

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

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2016**

MEMORANDUMS OF UNDERSTANDING (UNAUDITED)

Parties Involved Other Than the University	Dates Involved	Description of Memorandum Requirements
Federal Bureau of Investigation (FBI) Law Enforcement and Justice Administration (SLEJA)	09/08/2015 to 09/08/2020	Provide continuing education for police, municipal, county, state, and federal levels.
Rock Island Arsenal Joint Manufacturing and Technology Center	06/03/2016 to 06/03/2021	Cooperate in mutually beneficial projects to design or redesign operational products in an industrial setting.
Illinois Community College Board	07/01/2015 to 06/30/2018	To define issues related to the national deployment and support of i-Pathways including: i-Pathways deployment plans; fiscal agent responsibilities; and policy issues. i-Pathways is a responsively designed and mobile ready curriculum that delivers both online and offline learning options for individuals, programs, organizations, or statewide deployments.

The University also entered into various memorandums of understanding with different international schools that provide exchange opportunities for students, faculty and staff.