

**State of Illinois**  
**Illinois State 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  
 Illinois State University  
 Compliance Examination  
 (In Accordance with the Single Audit  
 Act and Applicable Federal Regulations)  
 For the Year Ended June 30, 2016**

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<p>The University’s annual financial statements for the year ended June 30, 2016, which includes the Independent Auditor’s Report, Management Discussion and Analysis, Basic Financial Statements, and Notes have been issued under a separate cover.</p>		

**State of Illinois**  
**Illinois State University**  
**Compliance Examination**  
**(In Accordance with the Single Audit**  
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**For the Year Ended June 30, 2016**

Continued

Schedule Page(s)

**Financial Statement Report (continued)**

*Government Auditing Standards Report*

In accordance with *Government Auditing Standards*, we have also issued a report under a separate cover entitled Report Required Under *Government Auditing Standards for the Year Ended June 30, 2016*, on our consideration of the Illinois State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

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**For the Year Ended June 30, 2016**

***Agency Officials***

President	Dr. Larry Dietz
Vice President for Finance and Planning	Mr. Greg Alt
Vice President for Academic Affairs and Provost	Dr. Janet Wessel Krejci
Vice President for Student Affairs (Interim)	Dr. Brent Paterson (07/01/15 – 06/30/16)
Vice President for Student Affairs	Dr. Levester Johnson (07/01/16 – present)
Vice President for University Advancement	Mr. Pat Vickerman
Comptroller	Vacant
Legal Counsel	Ms. Lisa Huson
Director - Internal Audit	Mr. Robert Blemler

***Board of Trustees (as of June 30, 2016)***

Chair	Mr. Rocky Donahue
Member	Mr. Jay D. Bergman
Member	Ms. Anne Davis
Member	Mr. Bob Churney
Member	Mr. Robert Dobski
Member	Ms. Betty Kinser
Member	Dr. Mary Ann Louderback
Student Member	Mr. Ryan Powers

***Office Locations***

Agency offices are located at:

Hovey Hall  
Campus Box 1100  
Normal, Illinois 61790-1100



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

**Office of the President**

421 Hovey Hall  
Campus Box 1000  
Normal, IL 61790-1000  
Phone: (309) 438-5677

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

December 5, 2016

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois State University. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of Illinois State University's compliance with the following assertions during the one-year period ended June 30, 2016. Based on this evaluation, we assert that during the year ended June 30, 2016, that Illinois State University has materially complied with the assertions below.

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

Yours very truly,

Illinois State University

**SIGNED ORIGINAL ON FILE**

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Dr. Larry Dietz,  
University President

**SIGNED ORIGINAL ON FILE**

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Mr. Greg Alt,  
Vice President for Finance and Planning

**SIGNED ORIGINAL ON FILE**

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Ms. Lisa Huson,  
General Counsel



**State of Illinois  
Illinois State University  
Compliance Report  
For the Year Ended June 30, 2016**

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

**Accountants' Reports**

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

**Summary of Findings**

Number of	Current Report	Prior Report
Findings	4	3
Repeated findings	2	2
Prior recommendations implemented or not repeated	1	3

**Summary of Findings and Questioned Costs**

Item No.	Page	Description	Finding Type
<b>Findings (Government Auditing Standards)</b>			
2016-001	18	Inadequate Controls over Revenue Recognition	Significant Deficiency
<b>Findings and Questioned Costs (Federal Compliance)</b>			
2016-002	20	Inadequate Controls over Refunds	Material Weakness and Material Noncompliance
<b>Findings (State Compliance)</b>			
2016-003	22	Noncompliance with the University Faculty Research and Consulting Act	Significant Deficiency and Noncompliance
2016-004	24	Noncompliance with the State Officials and Employees Ethics Act	Significant Deficiency and Noncompliance

**State of Illinois**  
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**Compliance Report**  
**For the Year Ended June 30, 2016**

**Summary of Findings and Questioned Costs**

<b>Item No.</b>	<b>Page</b>	<b>Description</b>	<b>Finding Type</b>
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**Findings (State Compliance)**

In addition, the following findings which are reported as current findings and questioned costs relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

2016-001	18	Inadequate Controls over Revenue Recognition	Significant Deficiency and Noncompliance
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**Prior Findings Not Repeated**

A.	25	Noncompliance with the United States Code	
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**State of Illinois**  
**Illinois State University**  
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**For the Year Ended June 30, 2016**

***Exit Conference***

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on November 29, 2016. Attending were:

Representing Illinois State University

Vice President for Finance and Planning	Mr. Greg Alt
Senior Associate Comptroller	Ms. JoEllen Bahnsen
Associate Comptroller	Mr. Doug Schnittker
Director - Internal Audit	Mr. Robert Blemler
Accounting Associate	Ms. Erika Jones
Information Security Officer	Mr. Kevin Crouse
Assistant Vice President for Administrative Technologies and CTO	Mr. Charles Edamala

Representing BKD LLP

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

Audit Manager	Mr. Daniel J. Nugent, CPA
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The responses to the recommendations were provided by Ms. JoEllen Bahnsen, Senior Associate Comptroller, in an e-mail dated December 2, 2016.

**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

Board of Trustees  
Illinois State University

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the Illinois State University's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2016. The management of the Illinois State University is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois State University's compliance based on our examination.

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

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

In our opinion, the Illinois State University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 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 2016-001, 2016-003, and 2016-004.

### **Internal Control**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *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 2016-001, 2016-003, and 2016-004 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 Illinois State University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the Illinois State University's responses and, accordingly, we express no opinion on the responses.

#### Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the Illinois State University as of and for the year ended June 30, 2016, and have issued our report thereon dated December 5, 2016, which contained an unmodified opinion on those financial statements. Our report includes a reference to other auditors, who audited the financial statements of the Illinois State University's discretely presented component unit, as described in our report on the Illinois State University's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Illinois State University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 5, 2016. The accompanying supplementary information for the year ended June 30, 2016, in Schedules 1 through 19, Schedule 28, and Schedule 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Illinois State University. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2016, in Schedules 1 through 19, Schedule 28, and Schedule 30 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2016, in Schedules 1 through 19, Schedule 28, and Schedule 30, is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Illinois State University's basic financial statements as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 4, 2015, which contained an unmodified opinion on those financial statements. Our report includes a reference to other auditors, who audited the financial statements of the Illinois State University's discretely presented component unit, as described in our report on the Illinois State University's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Illinois State University's basic financial statements. The accompanying supplementary information for the year ended June 30, 2015, in Schedules 1 through 19, Schedule 28, and Schedule 30 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2015, financial statements. The accompanying supplementary information for the year ended June 30, 2015, in Schedules 1 through 19, Schedule 28, and Schedule 30 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the June 30, 2015, 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, 2015,

in Schedules 1 through 19, Schedule 28, and Schedule 30 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information for the year ended June 30, 2016, in Schedules 20 through 27, Schedule 29, and the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

**SIGNED ORIGINAL ON FILE**

Decatur, Illinois  
December 5, 2016

**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

Board of Trustees  
Illinois State University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Illinois State University and its 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 Illinois State University's basic financial statements, and have issued our report thereon dated December 5, 2016, which contained emphasis of matters paragraphs regarding the Federal Perkins Loan Program, appropriations revenue recognition related to Public Act 099-0524, and the lack of appropriations to fund the Illinois State University's Fiscal Year 2017 operations. Our report includes a reference to other auditors who audited the financial statements of the Illinois State University's discretely presented component unit, as described in our report on the Illinois State University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Illinois State 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 Illinois State University's internal control. Accordingly, we do not express an opinion on the effectiveness of the Illinois State University's internal control.



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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as item 2016-001, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Illinois State 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*.

### **Illinois State University's Response to Finding**

The Illinois State University's response to the finding identified in our audit is described in the accompanying schedule of findings. The Illinois State 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 Illinois State University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Illinois State University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Decatur, Illinois  
December 5, 2016

**Independent Auditor's Report on Compliance For Each Major Federal Program; Independent Auditor's Report on Internal Control over Compliance; and, Independent Auditor's Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Illinois State University

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

We have audited the Illinois State University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Illinois State University's major federal programs for the year ended June 30, 2016. The Illinois State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Illinois State University's basic financial statements include the operations of the Illinois State University Foundation, a component unit of the Illinois State University, which received no federal awards during the year ended June 30, 2016. Our audit, described below, did not include the operations of the component unit because the component unit was not required to have an audit in accordance with the Uniform Guidance.

***Management's Responsibility***

Management of the Illinois State University 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 Illinois State University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Illinois State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### ***Basis for Qualified Opinion on the Student Financial Assistance Cluster***

As described in item 2016-002 in the accompanying schedule of findings and questioned costs, the Illinois State University did not comply with requirements regarding certain special tests and provisions regarding the return of Title IV funds for its Student Financial Assistance Cluster. Compliance with such requirements is necessary, in our opinion, for the Illinois State University to comply with requirements applicable to that program.

#### ***Qualified Opinion on the Student Financial Assistance Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph above, the Illinois State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2016.

#### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the Illinois State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

#### ***Other Matter***

The Illinois State University's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The Illinois State 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 Illinois State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Illinois State University's internal control over compliance with the types of requirements that could have a direct and material effect on 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 Illinois State University's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a

deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-002 to be a material weakness.

The Illinois State University's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The Illinois State 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 the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities of the Illinois State University and its aggregate discretely presented component unit, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Illinois State University's basic financial statements. We issued our report thereon dated December 5, 2016, which contained an unmodified opinion on those financial statements. Our report includes a reference to other auditors, who audited the financial statements of the Illinois State University's discretely presented component unit, as described in our report on the Illinois State University's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Illinois State University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 5, 2016. 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 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**

Decatur, Illinois  
December 5, 2016

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2016**

**Summary of Auditor's Results**

**Financial Statements**

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles general accepted in the United States of America (GAAP) was:
- Unmodified       Qualified       Adverse       Disclaimer
2. The independent auditor's report on internal control over financial reporting disclosed:
- Significant deficiency(ies)?       Yes       None reported
- Material weakness(es)?       Yes       None reported
3. Noncompliance considered material to the financial statements was disclosed by the audit?       Yes       No

**Federal Awards**

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
- Significant deficiency(ies)?       Yes       None reported
- Material weakness(es)?       Yes       None reported
5. The opinion expressed in the independent auditor's report on compliance for federal awards was:
- Unmodified       Qualified       Adverse       Disclaimer

The auditor's issued a qualified opinion on the Student Financial Assistance Cluster. The auditor's issued unmodified opinions for the remainder of the Illinois State University's major federal programs.

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?       Yes       No

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2016**

7. The University's major programs were:

<b>Cluster/Program</b>	<b>CFDA Number</b>
Student Financial Assistance Cluster	84.007 84.033 84.038 84.063 84.268 84.379 93.364
Research and Development Cluster (see "M" on Schedule of Expenditures of Federal Awards for detail)	Various
Teacher Quality Partnership Grants	84.336

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The University qualified as a low-risk auditee?

Yes       No

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2016**

**Current Finding – Government Auditing Standards**

**2016-001. Finding – Inadequate Controls over Revenue Recognition**

The Illinois State University (University) did not exercise adequate internal control over revenue recognition.

During testing, the auditors noted the following:

- The University prepared its financial statements with an improper listing of entitled scholarships, which resulted in an understatement of accounts receivable and revenue by \$264,962 at June 30, 2016.
- The University did not record certain rent revenues, which resulted in an understatement of accounts receivable and revenue by \$978,648 at June 30, 2016.

These amounts were deemed immaterial by University management and were not corrected in the University's final financial statements; however, the auditors determined these exceptions represent a significant deficiency in the University's internal control over financial reporting.

In accordance with generally accepted accounting principles (GAAP), all of the University's assets, liabilities, revenues, and expenses should be properly reported in the University's financial statements. Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of fiscal and administrative controls to provide assurance that revenues applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources. Finally, a significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is important enough to merit attention by those charged with governance of the University.

University officials stated these misstatements were due to employee oversight.

Failure to properly recognize revenues and associated accounts receivable could result in a material misstatement of the University's financial statements and reduces the overall reliability of Statewide financial reporting. (Finding Code No. 2016-001)

**Recommendation**

We recommend the University review and make any necessary improvements in its internal controls over revenue recognition from entitled scholarships and rental income.

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2016**

**Current Finding – Government Auditing Standards**

**2016-001. Finding – Inadequate Controls over Revenue Recognition (continued)**

University Response

The University agrees with the recommendation and believes the revenue recognition exceptions to be isolated incidents. Procedures relative to each of the exceptions noted have been modified to ensure against future occurrence.



**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2016**

**Current Finding – Federal Compliance**

**2016-002. Finding – Inadequate Controls over Refunds**

Federal Agency: United States Department of Education  
Program Name: Student Financial Assistance Cluster  
CFDA Numbers: 84.007, 84.033, 84.038, 84.063, 84.268, and 84.379  
Program Expenditures: \$145,633,034  
Questioned Costs: \$42

The Illinois State University (University) did not exercise adequate internal control over the return of grant and loan funds to the United States Department of Education (Department).

During testing, the auditors noted the following:

- Eight of 25 (32%) unearned grant and loan funds were not returned to the Department until 48 to 198 days after the University became aware the student had withdrawn from the University.

The Code of Federal Regulations (Code) (34 CFR § 668.173) requires the University return unused grant and loan funds within 45 days from the date the University became aware the student will not or has not begun attending classes.

- One of 25 (4%) unearned grant and loan funds were not properly calculated, resulting in the amount returned being understated by \$42.

The Code (34 C.F.R. § 668.22) generally requires the University return all grant and loan funds credited to a student's account or payments made directly to the University on behalf of the student if the student does not begin attendance in a payment period or period of enrollment.

These sampling methods were not statistically valid.

University officials stated the late return of funds was due to employee oversight and the \$42 error was a result of an isolated incident when the University implemented its new student management system.

Failure to properly calculate and timely refund grant and loan funds represents noncompliance with the Code. (Finding Code No. 2016-002)

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2016**

**Current Findings – Federal Compliance**

**2016-002. Finding – Inadequate Control over Refunds (continued)**

Recommendation

We recommend the University implement controls to ensure all returns of grant and loan funds are properly calculated and timely refunded.

University Response

The University has implemented procedures to ensure that grant and loan funds are calculated correctly and refunded in a timely manner.

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2016**

**Current Findings – State Compliance**

**2016-003. Finding – Noncompliance with the University Faculty Research and Consulting Act**

The Illinois State University (University) did not always ensure compliance with the University Faculty Research and Consulting Act and University policies regarding outside employment. During Fiscal Year 2016, faculty members reported 105 instances of outside employment to the University Provost.

During testing, the auditors noted the following:

- 40 of 105 (38%) cases of outside employment had the Request for Approval of Secondary/Outside Employment Form (Form PERS 927) approved by the University's Provost one to 371 days late.
- Two of 105 (2%) cases of outside employment were not reported by the faculty member to the University for approval prior to filing the Annual Report of Secondary/Outside Employment Form (Form PERS 928) with the University's Provost before the deadline of August 31, 2016.
- 77 of 105 (73%) cases of outside employment did not have the Form PERS 928 submitted by the faculty member to the University's Provost by the deadline of August 31, 2016.

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

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

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2016**

**Current Findings – State Compliance**

**2016-003. Finding – Noncompliance with the University Faculty Research and Consulting Act (continued)**

The University President has designated the University’s Provost as his designee for approvals and recordkeeping.

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

University officials stated, as they did in prior years, that failure to seek timely approval and file reports was due to employee oversight.

Failure to ensure faculty members with outside research, consulting services, or employment obtain written pre-approval from the University Provost and file annual reports with the University Provost about the amount of time spent during the preceding fiscal year on outside research, consulting services, or employment represents noncompliance with the University Faculty Research and Consulting Act and University Policy 3.3.7. (Finding Code No. 2016-003, 2015-002, 2014-003, 2013-005, 12-5)

Recommendation

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

University Response

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

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2016**

**Current Findings – State Compliance**

**2016-004. Finding–Noncompliance with the State Officials and Employees Ethics Act**

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

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

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

University officials stated, as they did in prior years, that the University continues to work with the faculty to bring the University into compliance with the Act.

By not requiring time sheets from all of its employees, the University does not have complete documentation of time spent by employees on official State business as contemplated by the Act. (Finding Code No. 2016-004, 2015-003, 2014-005, 2013-007, 12-6, 11-5, 10-2, 09-1, 08-1, 07-1, 06-2, 05-4)

Recommendation

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

University Response

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

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2016**

**Prior Findings Not Repeated**

**A. Finding – Noncompliance with the United States Code**

During the prior engagement, the Illinois State University (University) did not ensure its administrative costs charged against a federal program conformed to federal law. (Finding Code No. 2015-001)

Status: Implemented

During the current engagement, the auditors' testing did not identify any instances where the University failed to charge the proper amount of administrative cost to the federal program and refunded the excess unallowable charges to the prime recipient of the federal award.

**State of Illinois**  
**Illinois State University**  
**Supplementary Information for State Compliance Purposes**  
**For the Year Ended June 30, 2016 and 2015**

**Summary**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
  - Schedule of Expenditures of Federal Awards
  - Notes to the Schedule of Expenditures of Federal Awards
  - Analysis of State Appropriations
    - Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2016
    - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
    - Analysis of Significant Variations in Appropriated Expenditures
    - Significant Lapse Period Expenditures
  - Analysis of the University’s Income Fund
    - Comparative Schedule of Revenues and Expenses
  - Analysis of Significant Account Balances
    - Schedule of Changes in Capital Assets
    - Comparative Schedule of Cash and Cash Equivalents
    - Comparative Schedule of Investments
    - Analysis of Significant Variations in Revenues and Expenses
    - Analysis of Significant Variations in Assets, Deferred Outflows of Resources and Liabilities
  - Analysis of Accounts Receivable
- Entity Financial Statements and Related Information
  - Auxiliary Facilities, Activities, and Accounting Entities
  - Local Funds
    - Statement of Net Position
    - Statement of Revenues, Expenses, and Changes in Net Position
  - Service Departments
    - Statement of Net Position
    - Statement of Revenues, Expenses, and Changes in Net Position
  - Auxiliary Facilities
    - Statement of Net Position
    - Statement of Revenues, Expenses, and Changes in Net Position
- Calculation Sheets for Current Excess Funds (Unaudited)
  - Local Funds (Unaudited)
    - Continuing Education and Public Services (Unaudited)
    - Sales and Services of Educational Activities (Unaudited)
    - Student Programs and Services (Unaudited)
    - Field Trips and Foreign Study (Unaudited)
  - Service Departments (Unaudited)
  - Auxiliary Facilities (Unaudited)
    - Student Housing (Unaudited)
    - Student Activities (Unaudited)
    - Parking Services (Unaudited)

**State of Illinois**  
**Illinois State University**  
**Supplementary Information for State Compliance Purposes**  
**For the Year Ended June 30, 2016 and 2015**

**Summary (continued)**

- Fiscal Schedules and Analysis (continued):
  - Analysis of Indirect Cost Reimbursements
  - Schedule of Sources and Applications
  - Calculation Sheet for Indirect Cost Carry-Forward (Unaudited)
  - Schedule of Federal Expenditures, Non-Federal Expenses, and New Loans
  
- Analysis of Operations (Unaudited):
  - 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)
  - Employment Statistics (Full-Time Equivalent) (Unaudited)
  - Annual Cost Statistics (Unaudited)
  - Emergency Purchases (Unaudited)
  - Bookstore Information (Unaudited)
  - Service Efforts and Accomplishments (Unaudited)
  - University Guidelines (as amended in 1997) (Unaudited)
    - Special Data Requirements for University Audits (Unaudited)
    - Summary of Foundation Transactions with the University (Unaudited)
    - Undergraduate Tuition and Fee Waivers (Unaudited)
    - Graduate Tuition and Fee Waivers (Unaudited)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that Schedules 1 through 19, Schedule 28, and Schedule 30 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditor's opinion, it is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived. The accountants' report also states the Analysis of Operations Section, Schedules 20 through 27, and Schedule 29 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016**

Schedule 1

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>		<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Education</b>					
Federal Supplemental Educational Opportunity Grants	(M)	84.007		\$ 515,657	\$ -
Federal Work-Study Program	(M)	84.033		808,839	-
Federal Perkins Loan Program Federal Capital Contributions	(M)	84.038		10,626,362	-
Federal Pell Grant Program	(M)	84.063		22,296,271	-
Federal Direct Student Loans	(M)	84.268		111,099,727	-
Teacher Education Assistance for College & Higher Education Grants (TEACH Grants)	(M)	84.379		286,178	-
<i>Total U.S. Department of Education Student Financial Assistance Cluster</i>				<u>145,633,034</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>					
Nursing Student Loans	(M)	93.364		578,885	-
<i>Total U.S. Department of Health and Human Services Student Financial Assistance Cluster</i>				<u>578,885</u>	<u>-</u>
<b>TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER</b>				<u><b>146,211,919</b></u>	<u><b>-</b></u>
<b>RESEARCH &amp; DEVELOPMENT CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
Agriculture and Food Research Initiative (AFRI) (Passed through University of Missouri)	(M)	10.310	C00042763-1	53,618	-
Agriculture and Food Research Initiative (AFRI) (Passed through University of Minnesota)	(M)	10.310	H004568902	98,782	-
<i>Total U.S. Department of Agriculture R&amp;D</i>				<u>152,400</u>	<u>-</u>
<b>U.S. Department of Defense</b>					
Basic Scientific Research - Combating Weapons of Mass Destruction Basic, Applied, and Advanced Research in Science and Engineering (Passed through University of Texas, San Antonio)	(M)	12.351		93,862	-
Air Force Defense Research Sciences Program (Passed through Air Force Office of Scientific Research)	(M)	12.630	2604307061	42,720	-
	(M)	12.800	SRAS001791-1	60,576	-
<i>Total U.S. Department of Defense R&amp;D</i>				<u>197,158</u>	<u>-</u>
<b>U.S. Geological Survey</b>					
USGS Sample Grant	(M)	NONE	40016541	18,374	-
Assistance to State Water Resources Research Institutes (Passed through University of Illinois Urbana-Champaign)	(M)	15.805	2016-04042-01	1,094	-
National Cooperative Geologic Mapping Program	(M)	15.810		15,380	-
<i>Total U.S. Geological Survey R&amp;D</i>				<u>34,848</u>	<u>-</u>
<b>U.S. Department of Justice</b>					
National Institute of Justice Research, Evaluation, and Development Project Grants	(M)	16.560		87,920	-
<i>Total U.S. Department of Justice R&amp;D</i>				<u>87,920</u>	<u>-</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016**

Schedule 1

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>		<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>U.S. Department of Labor</b>					
Employment Service/Wagner-Peyser Funded Activities (Passed through State of Illinois, Department of Employment Security)	(M)	17.207	11C32	\$ 322,326	\$ -
Workforce Innovation Funds (Passed through State of Illinois, Department of Employment Security)	(M)	17.283	MOU 16-C-28	696,000	-
<i>Total U.S. Department of Labor R&amp;D</i>				<u>1,018,326</u>	<u>-</u>
<b>National Aeronautics and Space Administration</b>					
Science	(M)	43.001		27,255	-
Science (Passed through University of Pennsylvania)	(M)	43.001	562282	35,945	-
		Total R&D 43.001		63,200	-
<i>Total National Aeronautics and Space Administration R&amp;D</i>				<u>63,200</u>	<u>-</u>
<b>Corporation for National and Community Service</b>					
AmeriCorps		94.006		72,361	-
<i>Total U.S. Department for National and Community Service</i>				<u>72,361</u>	<u>-</u>
<b>National Science Foundation</b>					
Mathematical and Physical Sciences	(M)	47.049		396,412	-
Computer and Information Science and Engineering	(M)	47.070		69,430	-
Biological Sciences	(M)	47.074		232,804	-
Social, Behavioral, and Economic Sciences	(M)	47.075		34,545	-
Education and Human Resources	(M)	47.076		999,901	388,510
Education and Human Resources (Passed through Chicago State University)	(M)	47.076	53953	32,723	-
Education and Human Resources (Passed through University of Nebraska)	(M)	47.076	25-0536-0023-003	2,100	-
		Total R&D 47.076		1,034,724	388,510
<i>Total National Science Foundation R&amp;D</i>				<u>1,767,915</u>	<u>388,510</u>
<b>U.S. Environmental Protection Agency</b>					
Nonpoint Source Implementation Grants (Passed through State of Illinois, Environmental Protection Agency)	(M)	66.460	3191410	147,362	-
<i>Total U.S. Environmental Protection Agency R&amp;D</i>				<u>147,362</u>	<u>-</u>
<b>U.S. Department of Energy</b>					
Office of Science Financial Assistance Program (Passed through University of Wisconsin-Madison)	(M)	81.049	455K851	111,078	-
<i>Total U.S. Department of Energy R&amp;D</i>				<u>111,078</u>	<u>-</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016**

Schedule 1

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>		<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>U.S. Department of Education</b>					
Career and Technical Education -- Basic Grants to States (Passed through State of Illinois, Community College Board)	(M)	84.048	CTEL 16002	\$ 279,233	\$ -
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities (Passed through Salus University)	(M)	84.325	88401 15-16	24,882	-
School Leadership	(M)	84.363		1,242,270	940,404
Improving Teacher Quality State Grants (Passed through State of Illinois, State Board of Education)	(M)	84.367	4932	9,942	-
Improving Teacher Quality State Grants (Passed through State of Illinois, Board of Higher Education)	(M)	84.367	ESEA/NCLB	33,529	-
			Total R&D 84.367	<u>43,471</u>	<u>-</u>
Preschool Development Grants (Passed through State of Illinois, State Board of Education)	(M)	84.419	MY15446	182,152	-
<i>Total U.S. Department of Education R&amp;D</i>				<u>1,772,008</u>	<u>940,404</u>
<b>U.S. Department of Health and Human Services</b>					
Public Health Emergency Preparedness (Passed through McLean County Health Department)	(M)	93.069	ISU	6,952	-
Cooperative Agreements to Promote Adolescent Health through School-School-Based HIV/STD Prevention and School-Based Surveillance (Passed through State of Illinois, State Board of Education)	(M)	93.079	5 U87PS004178-02	49,084	-
Healthy Marriage Promotion and Responsible Fatherhood Grants	(M)	93.086		465,934	-
Environmental Health	(M)	93.113		114,190	-
Drug Abuse and Addiction Research Programs (Passed through Case Western Reserve University)	(M)	93.279	RES508161	35,130	-
Cancer Cause and Prevention Research	(M)	93.393		74,396	-
State Court Improvement Program	(M)	93.586		70,750	-
Arthritis, Musculoskeletal and Skin Diseases Research	(M)	93.846		20,916	-
Allergy and Infectious Diseases Research	(M)	93.855		175,413	-
Biomedical Research and Research Training	(M)	93.859		78,414	-
Child Health and Human Development Extramural Research	(M)	93.865		258,812	-
<i>Total U.S. Department of Health and Human Services R&amp;D</i>				<u>1,349,991</u>	<u>-</u>
<b>TOTAL RESEARCH &amp; DEVELOPMENT CLUSTER</b>				<u>6,774,567</u>	<u>1,328,914</u>
<b>OTHER PROGRAMS</b>					
<b>U.S. Department of Agriculture</b>					
National School Lunch Program (Passed through State of Illinois, State Board of Education)		10.555	4210	18,327	-
Child and Adult Care Food Program (Passed through State of Illinois, State Board of Education)		10.558	4226	3,539	-
<i>Total U.S. Department of Agriculture Non-R&amp;D</i>				<u>21,866</u>	<u>-</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016**

Schedule 1

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>U.S. Small Business Administration</b>				
Small Business Development Center (Passed through U.S. Department of Housing & Urban Develop (HUD))	59.000	B-09-SP-IL-0269	\$ 8,151	\$ -
Small Business Development Centers (Passed through State of Illinois, Department of Commerce and Economic Opportunity)	59.037	15-181106, 16-561106	80,523	-
<i>Total U.S. Small Business Administration Non-R&amp;D</i>			<u>88,674</u>	<u>-</u>
<b>U.S. Department of Education</b>				
Adult Education - Basic Grants to States (Passed through State of Illinois, Community College Board)	84.002	AEL 16004	28,482	-
Special Education Grants to States (Passed through Southern Illinois University)	84.027	763944-002	15,392	-
TRIO Student Support Services	84.042		241,691	-
Career and Technical Education -- Basic Grants to States (Passed through State of Illinois, Community College Board)	84.048	CTEL 15001	-	-
Career and Technical Education -- Basic Grants to States (Passed through State of Illinois, State Board of Education)	84.048	4720	211,664	-
		Total Non R&D 84.048	<u>211,664</u>	<u>-</u>
Special Education - State Personnel Development (Passed through State of Illinois, State Board of Education)	84.323	MY16539, IGA	145,656	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		635,085	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities (Passed through State of Illinois, State Board of Education)	84.325	4998	37,960	-
		Total Non R&D 84.325	<u>673,045</u>	<u>-</u>
Teacher Quality Partnership Grants (M)	84.336		2,184,840	365,488
Transition to Teaching	84.350		266,156	-
English Language Acquisition State Grants	84.365		570,059	-
Improving Teacher Quality State Grants (Passed through State of Illinois, State Board of Education)	84.367	MY11721, MY13625	879,701	-
Improving Teacher Quality State Grants (Passed through Community College Board)	84.367	15BTG ISU	(10)	-
Improving Teacher Quality State Grants (Passed through National Writing Project)	84.367	92-IL03-SEED2012	4,636	-
Improving Teacher Quality State Grants (Passed through State of Illinois, Board of Higher Education)	84.367	ESEA/NCLB	80,042	17,000
		Total Non R&D 84.367	<u>964,369</u>	<u>17,000</u>
Investing in Innovation (i3) Fund (Passed through University of Minnesota)	84.411	A002619807	55,087	-
Race to the Top - Early Learning Challenge (Passed through State of Illinois, State Board of Education)	84.412	MOU, IGA	50,842	17,300
Race to the Top (Passed through State of Illinois, State Board of Education)	84.413	Contract	13,214	-
<i>Total U.S. Department of Education Non-R&amp;D</i>			<u>5,420,497</u>	<u>399,788</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016**

Schedule 1

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>U.S. Department of Health and Human Services</b>				
Area Health Education Centers Point of Service Maintenance and Enhancement Awards (Passed through University of Illinois at Chicago)	93.107	U77HP26847	\$ 178,643	\$ -
Nursing Workforce Diversity	93.178		170,833	-
Universal Newborn Hearing Screening (Passed through University of Illinois at Chicago)	93.251	2014-03477-02-00,EC	37,655	-
Advanced Education Nursing Traineeships	93.358		349,999	-
Temporary Assistance for Needy Families (Passed through State of Illinois, Department of Human Services)	93.558	Child Care, Metcalf	-	-
<i>Total U.S. Department of Health and Human Services Non-R&amp;D</i>			<u>737,130</u>	<u>-</u>
<b>Corporation for National and Community Service</b>				
AmeriCorps (Passed through Western Illinois University)	94.006	14AFHIL00	18,662	-
<i>Total Corporation for National and Community Service Non-R&amp;D</i>			<u>18,662</u>	<u>-</u>
<b>Library of Congress</b>				
Teaching with Primary Sources	NONE		194,336	-
Teaching with Primary Sources Regional Center Pilot	NONE		220,693	100,261
<i>Total Library of Congress Non-R&amp;D</i>			<u>415,029</u>	<u>100,261</u>
<b>Corporation for Public Broadcasting</b>				
Community Service Grant	NONE		139,119	-
<i>Total Corporation for Public Broadcasting Non-R&amp;D</i>			<u>139,119</u>	<u>-</u>
<b>TOTAL OTHER PROGRAMS NON-R&amp;D</b>			<u>6,840,977</u>	<u>500,049</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 159,827,463</u>	<u>\$ 1,828,963</u>

(M) - Program was audited as a major Program

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

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity for the year ended June 30, 2016, and is presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 2 - LOANS OUTSTANDING AT FISCAL YEAR END**

The University had the following loan balances outstanding at June 30, 2016, for programs that are administered directly. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule.

	<b>Outstanding Balance at June 30, 2016</b>
Nursing Student Loans, CFDA 93.364	\$ 473,559
Perkins Loan Program, CFDA 84.038	<u>8,902,077</u>
<b>Total loans outstanding</b>	<u>\$ 9,375,636</u>

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

**NOTE 3 – TOTAL NEW FEDERAL STUDENT LOANS**

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

Direct Student Loans Program, CFDA 84.268	\$ 77,762,390
Direct Parent Loan for Undergraduate Students Program (PLUS), CFDA 84.268	<u>33,337,337</u>
<b>Total</b>	<u>\$ 111,099,727</u>

There were no administrative costs charged to the loan program.

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

**NOTE 4 – NONMONETARY ASSISTANCE**

During the audit period, the University received \$10,771 (CFDA 10.555) of food commodities provided by the United States Department of Agriculture, and distributed through the Food Distribution Program that is administered by the State of Illinois, Illinois State Board of Education. This amount is presented at fair value as of each commodity item's date of receipt at the University within the Schedule of Expenditures of Federal Awards on page 30.

**NOTE 5 – FEDERAL UNEARNED REVENUE**

At June 30, 2016, the University did not have any unearned revenue related to federal programs.

**NOTE 6 - INSURANCE DISCLOSURE**

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

**NOTE 7 – DEPOSITORY LIBRARY**

The University's Milner Library serves as a depository library in the U.S. Government Publishing Office's Federal Depository Library Program (CFDA 40.001, Depository Libraries for Government Publications). 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  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES,  
AND LAPSED BALANCES**

**EXPENDITURE AUTHORITY FOR FISCAL YEAR 2016  
For the Fourteen Months Ended August 31, 2016**

	Expenditure Authority (Net After Transfers)	Expenditures, Twelve Months Ended June 30, 2016	Lapse Period Expenditures, Two Months Ended August 31, 2016	Total Expenditures, Fourteen Months Ended August 31, 2016	Balances Lapsed, August 31, 2016
<b>EDUCATION ASSISTANCE FUND– 0007 (P.A. 99-0502 and Court-Ordered Expenditures)</b>					
Ordinary and Contingent Expenses	\$20,934,900	\$20,928,854	\$6,046	\$20,934,900	\$ -
<b>Total</b>	\$20,934,900	\$20,928,854	\$6,046	\$20,934,900	\$ -
<b>GRAND TOTAL – ALL FUNDS</b>	\$20,934,900	\$20,928,854	\$6,046	\$20,934,900	\$ -

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 was signed into law on April 25, 2016. 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, 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 99-0524.

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 69 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  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES  
For the Fiscal Year Ended June 30,**

	<b>2016 P. A. 99-0502</b>	<b>2015 P. A. 98-0678 and P. A. 99-001</b>
<b>EDUCATION ASSISTANCE FUND– 0007</b>		
Appropriations (net after transfers)	\$ 20,934,900	\$ 72,226,700
Expenditures		
Personal services	-	72,226,700
Ordinary and contingent expenses	20,934,900	-
Total expenditures	20,934,900	72,226,700
Lapsed balances	\$ -	\$ -
<b>GRAND TOTAL, ALL FUNDS</b>		
Appropriations (net of transfers)	\$ 20,934,900	\$ 72,226,700
Expenditures	20,934,900	72,226,700
Lapsed balances	\$ -	\$ -

Note 1: Fiscal Year 2016 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. Fiscal Year 2015 data within this report component was taken from the University's records and has been reconciled to the data from the Office of the State Comptroller.

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

Note 3: On March 26, 2015, Public Act 99-0001 was signed into law and reduced the University's Fiscal Year 2015 appropriation from \$73,889,200 to \$72,226,700. The University subsequently returned \$1,227,719 to the State Treasury to meet its reduced appropriation.

Note 4: During Fiscal Year 2016, the University operated without enacted appropriations until Public Act 99-0502 was signed into law on April 25, 2016. 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, 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 99-0524.

Note 5: 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 69 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  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN APPROPRIATED EXPENDITURES  
For the Year Ended June 30, 2016**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS  
2016 AND 2015**

**Education Assistance Fund – 007**

Ordinary and Contingent Expenses and Personal Services

During Fiscal Year 2016 the State of Illinois experienced a budget impasse. As a result, Illinois State University was only appropriated \$20,934,900 in Fiscal Year 2016 for its ordinary and contingent expenses as opposed to \$72,226,700 for personal services during Fiscal Year 2015.

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

There were no significant expenditures incurred during the Lapse Period.

**STATE OF ILLINOIS**  
**ILLINOIS STATE UNIVERSITY**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES**  
**UNIVERSITY INCOME FUND**  
**Years Ended June 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Registration fees	\$ 169,648,095	\$ 163,678,422
Registration – extension	220,571	295,118
Enrollment deposit fee forfeitures	19,950	13,050
Tuition and fees waived	9,537,897	9,960,400
Library fines	9,815	7,665
Instructional support fee	1,107,207	1,060,169
Investment income	1,361,772	1,257,351
Net increase in fair market value of investments	759,526	143,757
Payments on behalf of University	1,520,963	1,468,954
Gifts and donations	-	360,424
Other	2,060,025	1,124,274
	\$ 186,245,821	\$ 179,369,584
<b>EXPENSES</b>		
Personal services	\$ 130,245,186	\$ 82,378,595
SURS retirement	109,035	157,033
Medicare	2,366,447	2,433,195
Contractual services	33,641,961	34,852,589
Travel	1,467,099	1,684,694
Commodities	2,742,862	2,749,443
Equipment and library books	7,953,841	10,168,044
Telecommunications services	845,617	908,554
Operation of automotive equipment	475,618	577,630
Tuition and fees waived	9,537,897	9,960,400
Awards, grants, and matching funds	16,873,781	17,585,544
Permanent improvements	2,519,360	1,095,230
	208,778,704	164,550,951
GASB No. 35 Adjustments:		
Depreciation	14,913,445	14,055,165
Capital asset additions/disposals	(5,931,838)	(5,933,292)
	\$ 217,760,311	\$ 172,672,824

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

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$ 15,905,796	\$ 217,099	\$ -	\$ 16,122,895
Site Improvements	35,013,200	-	(721,075)	34,292,125
Infrastructure	13,146,983	-	-	13,146,983
Buildings	570,379,685	7,721,144	-	578,100,829
Equipment	97,117,676	4,720,870	(13,268,499)	88,570,047
Internally Generated Software	-	30,692,278	-	30,692,278
Library materials	94,666,343	3,708,703	-	98,375,046
Construction in progress	<u>21,826,436</u>	<u>10,818,601</u>	<u>(26,206,697)</u>	<u>6,438,340</u>
Subtotal	<u>848,056,119</u>	<u>57,878,695</u>	<u>(40,196,271)</u>	<u>865,738,543</u>
Less accumulated depreciation for:				
Land Improvements	14,447,795	997,016	(679,013)	14,765,798
Infrastructure	7,599,460	302,343	-	7,901,803
Buildings	230,222,929	13,090,727	-	243,313,656
Equipment	78,580,884	4,833,600	(7,208,478)	76,206,006
Internally Generated Software	-	6,076,493	-	6,076,493
Library materials	<u>74,995,539</u>	<u>3,731,015</u>	<u>-</u>	<u>78,726,554</u>
Total accumulated depreciation	<u>405,846,607</u>	<u>29,031,194</u>	<u>(7,887,491)</u>	<u>426,990,310</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 442,209,512</u>			<u>\$ 438,748,233</u>

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

Significant details of cash and cash equivalents as of June 30, 2016 and 2015 are presented below for all funds of the University:

	<u>2016</u>		<u>2015</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
<b>CASH ON HAND – VAULT AND CHANGE FUNDS</b>	\$ 159,960	Non-interest bearing	\$ 192,504	Non-interest bearing
<b>BANK MONEY MARKET FUNDS</b>				
Commerce Bank	29,008,661	0-.04%	39,193,264	0-.04%
Illinois Funds @ U.S. Bank	9,430,567	0-.036%	9,164,390	0-.051%
Illinois National Bank	250,000	0%	-	0%
Bank of New York	13,253	0%	-	0%
U.S. Bank	<u>2,824,629</u>	0-.01%	<u>6,982,251</u>	0-.01%
Total bank money market funds	<u>41,527,110</u>		<u>55,339,905</u>	
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 41,687,070</u>		<u>\$55,532,409</u>	

Cash and cash equivalent balances are presented in the balance sheets at June 30, 2016 and 2015 as follows:

Cash and cash equivalents	\$ 39,270,330	\$ 48,550,158
Restricted cash and cash equivalents	<u>2,416,740</u>	<u>6,982,251</u>
<b>TOTAL CASH AND CASH EQUIVALENT BALANCES</b>	<u>\$ 41,687,070</u>	<u>\$ 55,532,409</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF INVESTMENTS  
June 30, 2016 and 2015**

	<u>2016</u>		<u>2015</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
U.S. Treasury and Agency Obligations and Agency notes	<u>\$214,249,296</u>	.42-5.25%	<u>\$ 214,998,356</u>	.25-5.625%
<b>TOTAL INVESTMENTS</b>	<u>\$214,249,296</u>		<u>\$214,998,356</u>	

Investments are presented in the balance sheets at June 30, 2016 and 2015 as follows:

Current:		
Investments	\$60,798,900	\$35,809,640
Restricted investments	-	2,142,006
Noncurrent:		
Investments	153,450,396	177,046,710
Restricted investments	-	-
<b>TOTAL INVESTMENTS</b>	<u>\$214,249,296</u>	<u>\$214,998,356</u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGIFICANT VARIATIONS IN REVENUES AND EXPENSES  
June 30, 2016 and 2015

Schedule 10

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>OPERATING REVENUES</b>				
Student tuition and fees, net	\$201,074,476	\$191,621,434	\$9,453,042	4.93%
Federal grants and contracts	12,137,686	11,773,800	363,886	3.09%
State and local grants and contracts	2,808,607	2,957,409	(148,802)	-5.03%
Nongovernmental grants and contracts	2,376,493	2,559,332	(182,839)	-7.14%
Sales and services of educational activities	2,686,102	2,868,737	(182,635)	-6.37%
Auxiliary facilities	85,467,251	84,668,594	798,657	0.94%
Other operating revenues	26,364,148	23,037,486	3,326,662	14.44%
<b>OPERATING EXPENSES</b>				
Educational and General:				
Instruction	114,760,872	117,811,710	(3,050,838)	-2.59%
Research	16,876,976	15,699,061	1,177,915	7.50%
Public service	12,468,905	12,990,705	(521,800)	-4.02%
Academic support	20,098,718	20,321,684	(222,966)	-1.10%
Student services	41,253,322	42,767,857	(1,514,535)	-3.54%
Institutional support	37,909,045	37,006,836	902,209	2.44%
Operation and maintenance of plant	30,048,598	30,630,543	(581,945)	-1.90%
Depreciation	24,909,190	24,315,688	593,502	2.44%
Staff benefits	1,312,034	2,738,511	(1,426,477)	-52.09%
Student aid	51,994,936	52,129,985	(135,049)	-0.26%
Payments on behalf of the University	152,071,777	136,085,524	15,986,253	11.75%
Auxiliary facilities:				
Student housing, activity facilities, and parking	49,946,816	53,973,226	(4,026,410)	-7.46%
Other operating expenditures	113,438	1,567,580	(1,454,142)	-92.76%
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	20,934,900	72,226,700	(51,291,800)	-71.02% (A)
Payments on behalf of the University - State	152,071,777	136,085,524	15,986,253	11.75%
Payments on behalf of the University - Foundation	1,520,963	1,468,954	52,009	3.54%
Laboratory Schools	8,856,709	8,479,585	377,124	4.45%
Gifts and donations	274,133	557,001	(282,868)	-50.78%
Investment income, net of investment expenses	4,702,230	3,043,908	1,658,322	54.48% (B)
Interest expense	(6,711,753)	(5,616,037)	(1,095,716)	19.51%
Other nonoperating revenues	36,721,327	38,575,390	(1,854,063)	-4.81%
Capital appropriations	467,361	1,298,673	(831,312)	-64.01%
Capital grants and gifts	1,759,134	1,091,332	667,802	61.19%



STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES  
June 30, 2016 and 2015

Schedule 10

All variances greater than \$1,500,000 and more than 15% from Fiscal Year 2015 are discussed below. Refer to the Analysis of Significant Variations in Account Balances on page 43 for the actual dollar changes.

**Explanations of significant variances:**

- (A) State appropriations - The decrease was due to the decrease in funding from the State of Illinois.
- (B) Investment income - The increase was due to better market rates.

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSETS, DEFERRED OUTFLOWS OF RESOURCES AND LIABILITIES  
June 30, 2016 and 2015

Schedule 11

	<b>2016</b>	<b>2015</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$39,270,330	\$48,550,158	(\$9,279,828)	-19.11% (A)
Restricted cash and cash equivalents	2,416,740	6,982,251	(4,565,511)	-65.39% (B)
Investments	60,798,900	35,809,640	24,989,260	69.78% (C)
Investments Restricted	-	2,142,006	(2,142,006)	-100.00% (D)
Accrued interest receivable	617,873	483,850	134,023	27.70%
Accrued interest receivable restricted	-	2,684	-	0.00%
Accounts receivable, net	28,181,250	12,783,798	15,397,452	120.45% (E)
Student loans receivable, net	7,960,047	8,064,663	(104,616)	-1.30%
Appropriations receivable from State	6,046	14,508,285	(14,502,239)	-99.96% (F)
Inventories	3,239,042	2,695,897	543,145	20.15%
Prepaid expenses, deposits and other	2,981,251	2,632,650	348,601	13.24%
Noncurrent Assets:				
Investments	153,450,396	177,046,710	(23,596,314)	-13.33% (C)
Student loans receivable, net	408,671	385,604	23,067	5.98%
Debt issuance costs	654,719	521,827	132,892	25.47%
Capital assets not depreciated	22,561,235	37,732,232	(15,170,997)	-40.21% (G)
Capital assets, net of depreciation	416,186,998	404,477,280	11,709,718	2.90%
Other noncurrent assets	300,000	600,000	(300,000)	-50.00%
Deferred Outflow Pension Contribution	671,749	651,497	20,252	100.00%
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	16,682,639	18,862,473	(2,179,834)	-11.56%
Obligations under capital leases	-	507,804	(507,804)	-100.00%
Assets held in custody for others and deposits	8,291,942	7,127,226	1,164,716	16.34%
Unearned revenue	9,641,964	11,356,040	(1,714,076)	-15.09% (H)
Certificates of participation	2,698,545	2,633,545	65,000	2.47%
Revenue bonds payable	4,396,789	6,941,053	(2,544,264)	-36.66% (I)
Accrued compensated absences	2,107,022	2,048,201	58,821	2.87%
Noncurrent Liabilities:				
Assets held in custody for others and deposits	18,759	15,873	2,886	18.18%
Certificates of participation	48,185,472	50,884,018	(2,698,546)	-5.30%
Revenue bonds payable	77,799,611	84,444,326	(6,644,715)	-7.87%
Accrued compensated absences	13,293,983	14,408,869	(1,114,886)	-7.74%
Federal loan program contributions refundable	8,844,326	8,844,326	-	0.00%

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSETS,  
DEFERRED OUTFLOWS OF RESOURCES AND LIABILITIES  
June 30, 2016 and 2015

Schedule 11

All variances greater than \$1,500,000 and more than 15% from Fiscal Year 2015 are discussed below. Refer to the Analysis of Significant Variations in Account Balances on page 45 for the actual dollar changes.

Explanations of significant variances:

- (A) Cash and cash equivalents - The decrease is a result of the mix of investments and cash.
- (B) Restricted cash and cash equivalents - The decrease is a result of the construction spending from the 2011 and 2014 Certificates of Participation.
- (C) Investments - The changes are due to a change in the mix of the investment portfolio. More investments were held short-term due to the uncertainty of timing of the receipt of State funds.
- (D) Investments Restricted - Only \$2.4 million of the proceeds from the 2014 Certificates of Participation remained at the end of Fiscal Year 2016. Thus, the funds were held in cash and cash equivalents.
- (E) Accounts receivable, net - The increase is due to funds owed for MAP, from third party agencies and a refund related to insurance experience rates.
- (F) Appropriations receivable from State - The University had received the majority of the funds that had been appropriated to the University from Public Act 099-0502.
- (G) Capital assets not depreciated - The decrease is a result of the completion of the information technology improvements.
- (H) Unearned revenue - The decrease is the result of a reduction in State grant funding due to the State's budget impasse.
- (I) Revenue bonds payable - The decrease is the result of refinancing of the Series 2006 Bonds.

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

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
<b>ACCOUNTS RECEIVABLE</b>			
Current funds:			
Local funds (less allowance for doubtful accounts of \$1,355,472 and \$1,347,226 at June 30, 2016 and 2015, respectively)	\$ 10,607,988	\$ 5,080,411	\$ 5,527,577
Auxiliary facilities system (less allowance for doubtful accounts of \$1,053,722 and \$1,030,786 at June 30, 2016 and 2015, respectively)	2,358,812	2,701,794	(342,982)
Restricted funds	3,548,219	4,578,008	(1,029,789)
Payroll and clearing accounts	<u>243,495</u>	<u>47,766</u>	<u>195,729</u>
Total current funds	16,758,514	12,407,979	4,350,535
Agency funds	11,370,296	319,670	11,050,626
Loan funds	<u>52,440</u>	<u>56,149</u>	<u>(3,709)</u>
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<u>\$28,181,250</u>	<u>\$12,783,798</u>	<u>\$15,397,452</u>

**NOTES RECEIVABLE**

## Loan funds:

Student loans receivable (less allowance for doubtful loans of \$1,036,147 and \$1,046,107 at June 30, 2016 and 2015, respectively)	<u>\$ 8,368,718</u>	<u>\$ 8,450,267</u>	<u>\$ (81,549)</u>
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**AGED ANALYSIS OF ACCOUNTS RECEIVABLE  
AND UNCOLLECTIBLE ACCOUNTS**

The University did not have an aged analysis of accounts receivable; however, accounts receivable other than tuition, room and board, and fees receivable are generally less than 180 days old and considered to be collectible. An allowance for doubtful accounts of \$1,210,978 and \$1,210,978 at June 30, 2016 and 2015, respectively, has been established for tuition receivable deemed uncollectible. An allowance for doubtful accounts of \$926,136 and \$904,021 at June 30, 2016 and 2015, respectively, has been established for room and board receivable deemed uncollectible. An additional allowance for doubtful accounts of \$272,080 and \$263,013 at June 30, 2016 and 2015, respectively, has been established for fees receivable deemed uncollectible.

Notes receivable are presented in the balance sheets at June 30, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Current	\$ 7,960,047	\$ 8,064,663
Noncurrent	<u>408,671</u>	<u>385,604</u>
	<u>\$ 8,368,718</u>	<u>\$ 8,450,267</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES  
Year Ended June 30, 2016**

A listing of the University's Auxiliary Facilities, Activities, Accounting Entities, their purposes, and their sources of revenue for the year ended June 30, 2016, are provided below.

### **Indirect Cost Support**

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

### **Current Unrestricted Local Funds**

#### Continuing Education and Public Services

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

#### Sales and Services of Educational Activities

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

#### Student Programs and Services – University

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

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

#### Student Programs and Services – Laboratory Schools

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

#### Field Trips and Foreign Study

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

#### Income Fund

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES  
Year Ended June 30, 2016**

**Service Departments**

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

**Auxiliary Facilities**Student Housing

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

Student Activities

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

Parking Services

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

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET POSITION - LOCAL FUNDS  
YEAR ENDED JUNE 30, 2016

	<u>Indirect Cost Support</u>	<u>Continuing Education &amp; Public Service</u>	<u>Sales &amp; Service of Educational Activities</u>	<u>Student Programs &amp; Services - University</u>	<u>Student Programs &amp; Services - Laboratory Schools</u>	<u>Field Trip &amp; Foreign Study Activities</u>	<u>Income Fund</u>	<u>Sub-Total</u>
<b>ASSETS</b>								
Current Assets:								
Cash and cash equivalents	\$ -	\$ -	\$ 1,782,241	\$ 10,585,217	\$ 438,850	\$ 1,082,844	\$ 7,876,878	\$ 21,766,030
Cash and cash equivalents - restricted	-	-	-	-	-	-	2,403,558	2,403,558
Accrued interest receivable	4,995	5,823	-	-	-	-	140,409	151,227
Accounts receivable, net	-	1,243	100,574	5,624,199	-	34,376	4,712,545	10,472,937
Appropriations receivable from State	-	-	-	-	-	-	6,046	6,046
Inventories	-	371,775	68,819	482,867	-	-	388,750	1,312,211
Prepaid expenses and deposits	89,620	49,172	9,989	79,444	1,536	62,171	2,037,343	2,329,275
Deferred charges and obligations	-	-	-	-	-	-	28,983	28,983
<b>Total current assets</b>	<b>94,615</b>	<b>428,013</b>	<b>1,961,623</b>	<b>16,771,727</b>	<b>440,386</b>	<b>1,179,391</b>	<b>17,594,512</b>	<b>38,470,267</b>
Noncurrent Assets:								
Investments	2,436,162	2,839,865	-	-	-	-	68,482,303	73,758,330
Bond issuance costs	-	-	-	-	-	-	215,555	215,555
Capital assets, net	429,381	752,268	4,332,041	2,418,998	1,281	3,750	219,395,302	227,333,021
Other noncurrent assets	-	-	-	-	-	-	300,000	300,000
<b>Total noncurrent assets</b>	<b>2,865,543</b>	<b>3,592,133</b>	<b>4,332,041</b>	<b>2,418,998</b>	<b>1,281</b>	<b>3,750</b>	<b>288,393,160</b>	<b>301,606,906</b>
Deferred outflows of resources	-	-	-	-	-	-	671,749	671,749
<b>Total assets and deferred outflows of resources</b>	<b>2,960,158</b>	<b>4,020,146</b>	<b>6,293,664</b>	<b>19,190,725</b>	<b>441,667</b>	<b>1,183,141</b>	<b>306,659,421</b>	<b>340,748,922</b>
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts payable and accrued liabilities	13,665	574,559	102,908	629,329	16,279	132,909	5,461,807	6,931,456
Obligations payable	-	-	-	-	-	-	10,975	10,975
Assets held in custody for others and deposits	-	57,409	-	203,109	-	-	-	260,518
Unearned revenue	-	664,971	4,999	1,182,389	-	88,198	4,349,818	6,290,375
Accrued compensated absences	723	7,031	1,295	137,397	179	-	1,626,424	1,773,049
Certificates of Participation	-	-	-	-	-	-	2,698,545	2,698,545
<b>Total current liabilities</b>	<b>14,388</b>	<b>1,303,970</b>	<b>109,202</b>	<b>2,152,224</b>	<b>16,458</b>	<b>221,107</b>	<b>14,147,569</b>	<b>17,964,918</b>
Noncurrent Liabilities:								
Accrued compensated absences	5,268	51,270	9,444	1,001,856	1,308	-	10,107,828	11,176,974
Certificates of participation	-	-	-	-	-	-	48,185,472	48,185,472
<b>Total noncurrent liabilities</b>	<b>5,268</b>	<b>51,270</b>	<b>9,444</b>	<b>1,001,856</b>	<b>1,308</b>	<b>-</b>	<b>58,293,300</b>	<b>59,362,446</b>
<b>Total liabilities</b>	<b>19,656</b>	<b>1,355,240</b>	<b>118,646</b>	<b>3,154,080</b>	<b>17,766</b>	<b>221,107</b>	<b>72,440,869</b>	<b>77,327,364</b>
<b>NET POSITION</b>								
Net investment in capital assets	429,381	752,268	4,332,041	2,418,998	1,281	3,750	219,100,315	227,038,034
Unrestricted	2,511,121	1,912,638	1,842,977	13,617,647	422,620	958,284	15,118,237	36,383,524
<b>Total net position</b>	<b>\$ 2,940,502</b>	<b>\$ 2,664,906</b>	<b>\$ 6,175,018</b>	<b>\$ 16,036,645</b>	<b>\$ 423,901</b>	<b>\$ 962,034</b>	<b>\$ 234,218,552</b>	<b>\$ 263,421,558</b>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - LOCAL FUNDS  
YEAR ENDED JUNE 30, 2016

Schedule 15

	Indirect Cost Support	Continuing Education & Public Service	Sales & Service of Educational Activities	Student Programs & Services - University	Student Programs & Services - Laboratory Schools	Field Trip & Foreign Study Activities	Income Fund	Local Funds Total
<b>OPERATING REVENUES</b>								
Student tuition and fees, net	\$ -	\$ -	\$ -	\$ 30,981,530	\$ -	\$ 2,267,779	\$ 167,825,167	\$ 201,074,476
Sales and services of educational activities	-	-	2,678,677	-	7,425	-	-	2,686,102
Other operating revenues	1,655,990	7,298,766	15,746	13,818,720	203,600	767,494	1,888,799	25,649,115
Total operating revenues	<u>1,655,990</u>	<u>7,298,766</u>	<u>2,694,423</u>	<u>44,800,250</u>	<u>211,025</u>	<u>3,035,273</u>	<u>169,713,966</u>	<u>229,409,693</u>
<b>OPERATING EXPENSES</b>								
Educational and General								
Instruction	-	115,797	1,737,370	489,350	-	2,675,526	85,569,449	90,587,492
Research	425,427	4,444	124,131	-	783,112	-	1,349,264	2,686,378
Public service	-	6,369,869	304,031	2,288	-	-	1,445,204	8,121,392
Academic support	28,243	-	170,737	-	-	-	19,512,160	19,711,140
Student services	-	240,207	49,087	35,465,624	-	-	5,189,782	40,944,700
Institutional support	652,555	160,782	-	-	-	-	34,414,899	35,228,236
Operation and maintenance of plant	-	132,588	-	(50,590)	3,807	-	29,402,580	29,488,385
Depreciation	123,457	25,842	204,566	194,942	3,281	1,071	14,913,445	15,466,604
Staff benefits	13,806	8,637	3,137	85,926	2,235	(9,265)	(759,857)	(655,381)
Student aid	8,252	15,574	1,500	2,447,542	-	37,661	26,373,086	28,883,615
Other operating expenditures	-	10,458	-	-	-	-	102,980	113,438
Total operating expenses	<u>1,251,740</u>	<u>7,084,198</u>	<u>2,594,559</u>	<u>38,635,082</u>	<u>792,435</u>	<u>2,704,993</u>	<u>217,512,992</u>	<u>270,575,999</u>
Operating income (loss)	<u>404,250</u>	<u>214,568</u>	<u>99,864</u>	<u>6,165,168</u>	<u>(581,410)</u>	<u>330,280</u>	<u>(47,799,026)</u>	<u>(41,166,306)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Payments on behalf of the University - Foundation	-	-	-	-	-	-	1,520,963	1,520,963
Laboratory Schools	-	-	-	-	601,197	-	-	601,197
Gifts and donations	-	52	-	-	-	-	274,081	274,133
Investment income, net of investment expenses	36,412	46,330	-	77,339	660	-	2,121,298	2,282,039
Interest expense	-	-	-	-	-	-	(1,812,260)	(1,812,260)
Other nonoperating revenues	-	129,974	4,812	953,984	1,756	1,037	12,902,158	13,993,721
Net nonoperating revenues	<u>36,412</u>	<u>176,356</u>	<u>4,812</u>	<u>1,031,323</u>	<u>603,613</u>	<u>1,037</u>	<u>15,006,240</u>	<u>16,859,793</u>
Income (loss) before capital items	<u>440,662</u>	<u>390,924</u>	<u>104,676</u>	<u>7,196,491</u>	<u>22,203</u>	<u>331,317</u>	<u>(32,792,786)</u>	<u>(24,306,513)</u>
Capital appropriations	-	-	-	-	-	-	467,360	467,360
Capital grants and gifts	-	-	-	-	-	-	862,093	862,093
Total capital items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,329,453</u>	<u>1,329,453</u>
Increase (decrease) in net position	<u>440,662</u>	<u>390,924</u>	<u>104,676</u>	<u>7,196,491</u>	<u>22,203</u>	<u>331,317</u>	<u>(31,463,333)</u>	<u>(22,977,060)</u>
<b>NET POSITION</b>								
Net position - beginning of year	2,499,840	2,273,982	6,070,342	8,840,154	401,698	630,717	265,681,885	286,398,618
Net position - end of year	<u>\$ 2,940,502</u>	<u>\$ 2,664,906</u>	<u>\$ 6,175,018</u>	<u>\$ 16,036,645</u>	<u>\$ 423,901</u>	<u>\$ 962,034</u>	<u>\$ 234,218,552</u>	<u>\$ 263,421,558</u>



STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET POSITION - SERVICE DEPARTMENTS  
YEAR ENDED JUNE 30, 2016

Schedule 16

	<u>Service Departments</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 6,947,684
Accounts receivable, net	243,495
Inventories	1,698,682
Prepaid expenses and deposits	<u>399,666</u>
Total current assets	<u>9,289,527</u>
Noncurrent Assets:	
Capital assets, net	<u>2,928,664</u>
Total assets	<u>12,218,191</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	756,825
Unearned revenue	103,885
Accrued compensated absences	<u>115,808</u>
Total current liabilities	<u>976,518</u>
Noncurrent Liabilities:	
Accrued compensated absences	<u>697,710</u>
Total liabilities	<u>1,674,228</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,928,664
Unrestricted	<u>7,615,299</u>
Total net position	<u>\$ 10,543,963</u>

ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
SERVICE DEPARTMENTS  
YEAR ENDED JUNE 30, 2016

Schedule 17

	<u><b>Service Departments</b></u>
<b>OPERATING REVENUES</b>	
Other operating revenues	\$ <u>19,490,852</u>
Total operating revenues	<u>19,490,852</u>
<b>OPERATING EXPENSES</b>	
Educational and General:	
Instruction	246,119
Institutional support	8,928,474
Operation and maintenance of plant	12,585,216
Depreciation	858,776
Staff benefits	<u>(20,425)</u>
Total operating expenses	<u>22,598,160</u>
Operating loss	<u>(3,107,308)</u>
<b>NONOPERATING REVENUES</b>	
Investment income, net of investment expenses	778,387
Other nonoperating revenues	<u>44,796</u>
Decrease in net position	<u>(2,284,125)</u>
<b>NET POSITION</b>	
Net position - beginning of year	<u>12,828,088</u>
Net position - end of year	\$ <u><u>10,543,963</u></u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET POSITION - AUXILIARY FACILITIES  
YEAR ENDED JUNE 30, 2016

Schedule 18

	<u>Housing</u>	<u>Student Activities</u>	<u>Parking</u>	<u>Auxiliary Facilities Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 541,660	\$ 1,851,817	\$ 1,397,408	\$ 3,790,885
Cash and cash equivalents - restricted	10,090	1,139	1,954	13,183
Investments	57,792,034	3,006,866	-	60,798,900
Accrued interest receivable	426,865	37,521	2,261	466,647
Accounts receivable, net	1,530,063	729,206	99,543	2,358,812
Inventories	162,868	65,281	-	228,149
Prepaid expenses and deposits	78,140	11,106	1,166	90,412
Deferred charges and obligations	17,491	15,350	2,361	35,202
<b>Total current assets</b>	<u>60,559,211</u>	<u>5,718,286</u>	<u>1,504,693</u>	<u>67,782,190</u>
Noncurrent Assets:				
Investments	67,603,808	10,985,320	1,102,937	79,692,065
Bond issuance costs	167,686	239,010	32,468	439,164
Capital assets, net	93,265,384	91,165,588	22,944,848	207,375,820
<b>Total noncurrent assets</b>	<u>161,036,878</u>	<u>102,389,918</u>	<u>24,080,253</u>	<u>287,507,049</u>
<b>Total assets</b>	<u>221,596,089</u>	<u>108,108,204</u>	<u>25,584,946</u>	<u>355,289,239</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	1,709,382	686,546	98,287	2,494,215
Assets held in custody for others and deposits	1,171,733	137,757	-	1,309,490
Unearned revenue	61,180	500,535	188,807	750,522
Accrued compensated absences	130,275	34,824	6,020	171,119
Revenue bonds payable	1,824,657	2,218,834	353,298	4,396,789
<b>Total current liabilities</b>	<u>4,897,227</u>	<u>3,578,496</u>	<u>646,412</u>	<u>9,122,135</u>
Noncurrent Liabilities:				
Assets held in custody for others and deposits	18,759	-	-	18,759
Accrued compensated absences	888,758	237,580	41,067	1,167,405
Revenue bonds payable	26,351,673	46,345,615	5,102,323	77,799,611
<b>Total noncurrent liabilities</b>	<u>27,259,190</u>	<u>46,583,195</u>	<u>5,143,390</u>	<u>78,985,775</u>
<b>Total liabilities</b>	<u>32,156,417</u>	<u>50,161,691</u>	<u>5,789,802</u>	<u>88,107,910</u>
<b>NET POSITION</b>				
Net investment in capital assets	65,099,144	42,602,278	17,491,181	125,192,603
Unrestricted	124,340,528	15,344,235	2,303,963	141,988,726
<b>Total net position</b>	<u>\$ 189,439,672</u>	<u>\$ 57,946,513</u>	<u>\$ 19,795,144</u>	<u>\$ 267,181,329</u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - AUXILIARY FACILITIES  
YEAR ENDED JUNE 30, 2016

Schedule 19

	<b>Housing</b>	<b>Activities</b>	<b>Parking</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Auxiliary enterprises				
Auxiliary facilities	\$ 60,312,254	\$ 20,642,334	\$ 4,512,663	\$ 85,467,251
Total operating revenues	60,312,254	20,642,334	4,512,663	85,467,251
<b>OPERATING EXPENSES</b>				
Educational and General				
Depreciation	3,612,980	3,679,405	647,222	7,939,607
Auxiliary facilities:				
Student housing, activity facilities, and parking	37,848,417	9,842,526	2,255,873	49,946,816
Total operating expenses	41,461,397	13,521,931	2,903,095	57,886,423
Operating income	18,850,857	7,120,403	1,609,568	27,580,828
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income, net of investment expenses	1,383,171	216,526	25,936	1,625,633
Interest expense	(3,088,794)	(1,157,675)	(653,024)	(4,899,493)
Other nonoperating income	240,008	36,191	-	276,199
Net nonoperating expenses	(1,465,615)	(904,958)	(627,088)	(2,997,661)
Income before capital items	17,385,242	6,215,445	982,480	24,583,167
Capital grants and gifts	-	675,250	-	675,250
Total capital items	-	675,250	-	675,250
Increase in net position	17,385,242	6,890,695	982,480	25,258,417
<b>NET POSITION</b>				
Net position - beginning of year	172,054,430	51,055,818	18,812,664	241,922,912
Net position - end of year	\$ 189,439,672	\$ 57,946,513	\$ 19,795,144	\$ 267,181,329

**STATE OF ILLINOIS**  
**ILLINOIS STATE UNIVERSITY**  
**CURRENT UNRESTRICTED LOCAL FUNDS**  
**CONTINUING EDUCATION AND PUBLIC SERVICES**  
**CALCULATION SHEET FOR CURRENT EXCESS FUNDS**  
**June 30, 2016**  
**(Unaudited)**

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	2,787,278
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 2,787,278</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	819,479
Encumbrances and current liabilities paid in lapse period .....	574,559
Unearned revenue .....	664,971
Refundable deposits .....	57,409
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	7,031
Working Capital Allowance .....	<b>B. 2,123,449</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. 663,829</b>
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (141,840)</b>
Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	<b>521,989</b>

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 CURRENT UNRESTRICTED LOCAL FUNDS  
 SALES AND SERVICES OF EDUCATIONAL ACTIVITIES  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2016  
 (Unaudited)

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	1,782,241
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 1,782,241

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	545,421
Encumbrances and current liabilities paid in lapse period .....	102,908
Unearned revenue .....	4,999
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	9,724
Allowance for Sick Leave/Vacation Payouts .....	1,295
Working Capital Allowance .....	B. 664,347

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	C. 1,117,894
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (790,533)
--	--------------

Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	327,361
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**STATE OF ILLINOIS**  
**ILLINOIS STATE UNIVERSITY**  
**CURRENT UNRESTRICTED LOCAL FUNDS**  
**STUDENT PROGRAMS AND SERVICES**  
**CALCULATION SHEET FOR CURRENT EXCESS FUNDS**  
**June 30, 2016**  
**(Unaudited)**

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	11,024,066
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	-
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 11,024,066</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	5,958,613
Encumbrances and current liabilities paid in lapse period .....	645,608
Unearned revenue .....	1,182,389
Refundable deposits .....	203,109
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	137,577
Working Capital Allowance .....	<b>B. 8,127,296</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. 2,896,770</b>
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (461,399)</b>
--	---------------------

Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	<b>2,435,371</b>
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**STATE OF ILLINOIS**  
**ILLINOIS STATE UNIVERSITY**  
**CURRENT UNRESTRICTED LOCAL FUNDS**  
**FIELD TRIPS AND FOREIGN STUDY**  
**CALCULATION SHEET FOR CURRENT EXCESS FUNDS**  
**June 30, 2016**  
**(Unaudited)**

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	1,082,844
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 1,082,844

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	322,454
Encumbrances and current liabilities paid in lapse period .....	132,909
Unearned Revenue .....	88,198
Refundable deposits .....	
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	
Working Capital Allowance .....	B. 543,561

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	C. 539,283
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (2,142)
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Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	537,141
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STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 SERVICE DEPARTMENTS  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2016  
 (Unaudited)

**1. Current Available Funds**

Add:

Cash .....	699,621
Cash Equivalents .....	
Bank Deposits .....	5,986,451
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 6,686,072

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	3,100,614
Encumbrances and current liabilities paid in lapse period .....	756,825
Unearned revenue .....	103,885
Refundable deposits .....	
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	115,808
Working Capital Allowance .....	B. 4,077,132

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	C. 2,608,940
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (4,951,297)
--	----------------

Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	(2,342,357)
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STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES - REVENUE BONDS  
STUDENT HOUSING  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2016  
(Unaudited)

**1. Current Available Funds**

Add:

Cash .....	10,240
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	26,501,601
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 26,511,841</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	5,375,766
Encumbrances and current liabilities paid in lapse period .....	881,486
Unearned revenue .....	61,180
Refundable deposits .....	1,190,492
Allowance for Restoring Inventory to Normal Level .....	56,741
Allowance for Sick Leave/Vacation Payouts .....	130,275
Working Capital Allowance .....	<b>B. 7,695,940</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. 18,815,901</b>
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (14,307,648)</b>
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Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	<b>4,508,253 *</b>
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Note: Under Section V, Part B, of the University Guidelines, the University is retaining the amount necessary to make debt service payments during Fiscal Year 2017, totaling \$2,744,639. Therefore, the University only remitted \$1,763,614 for deposit in the Income Fund.

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 AUXILIARY FACILITIES - REVENUE BONDS  
 STUDENT ACTIVITIES  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2016  
 (Unaudited)

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	31,285
Marketable Securities .....	3,006,866
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 3,038,151</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,743,543
Encumbrances and current liabilities paid in lapse period .....	197,047
Unearned revenue .....	500,535
Refundable deposits .....	137,757
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	34,285
Working Capital Allowance .....	<b>B. 2,613,167</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. 424,984</b>
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (14,546,115)</b>
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Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	<b>(14,121,131)</b>
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STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES - REVENUE BONDS  
PARKING SERVICES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2016  
(Unaudited)

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	1,055,315
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 1,055,315</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	409,684
Encumbrances and current liabilities paid in lapse period .....	32,569
Unearned revenue .....	188,807
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	-
Allowance for Sick Leave/Vacation Payouts .....	6,020
Working Capital Allowance .....	<b>B. 637,080</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. 418,235</b>
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (2,517,730)</b>
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Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	<b>(2,099,495)</b>
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**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF SOURCES AND APPLICATIONS  
INDIRECT COST REIMBURSEMENTS  
Year Ended June 30, 2016**

Balance, July 1, 2015	<u>\$ 2,499,840</u>
Sources:	
Private Gifts, Grants and Contracts	302,180
United States Government Grants and Contracts	1,178,508
State of Illinois and Local Grants and Contracts	175,302
Other Administrative Allowances	-
Investment income (loss)	<u>36,412</u>
Total Additions	<u>1,692,402</u>
Applications:	
Educational and general:	
Instruction	-
Research	425,427
Public Service	-
Academic Support	28,243
Student Services	-
Institutional Support	652,555
Operation and Maintenance of Plant	-
Depreciation	123,457
Staff Benefits	13,806
Student Aid	<u>8,252</u>
Total deductions	<u>1,251,740</u>
Increase in net assets	<u>440,662</u>
Balance at June 30, 2016	<u><u>\$ 2,940,502</u></u>

Note: The information above is prepared on an accrual basis.

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

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

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CALCULATION SHEET FOR INDIRECT COST CARRY-FORWARD  
June 30, 2016  
(Unaudited)

**1. Cash and Equivalents Balance**

Add:

Cash .....	-	
Cash Equivalents .....		
Bank Deposits .....		
Marketable Securities .....	2,391,051	
Certificates of Deposit .....		
Repurchase Agreements .....		
Other cash equivalent items .....		
Interfund receivables .....		2,391,051

**2. Allocated Reimbursements**

Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed \$4,715,949; enter 30% of this amount .....	1,101,757
--	-----------

**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 .....	165,599
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**4. Encumbrances and Current Liabilities Paid in the Lapse Period**

Enter the amount of:

Current Liabilities .....	14,387
Encumbrances .....	-
Total .....	14,387

**5. Indirect Cost Carry-forward**

a. Enter the total of items 2, 3 and 4 .....	1,281,743
b. Subtract from item 1 .....	1,109,308
If a positive number results, enter here and remit for deposit in the Income Fund.	1,109,308

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF FEDERAL EXPENDITURES, NON-FEDERAL EXPENSES, AND NEW LOANS  
Year Ended June 30, 2016**

**Schedule A – Federal Financial Component**

Total Federal expenditures reported on SEFA schedule	\$159,827,463
Total new loans made not included on SEFA schedule	- *
Amount of Federal loan balances (not included on the SEFA schedule and continued compliance required)	- *
Other noncash federal award expenditures (not included on SEFA schedule)	<u>10,771</u>
Total Schedule A	<u>\$159,838,234</u>

**Schedule B – Total Financial Component**

Total operating expenses (from financial statements)	\$553,764,627
Total non-operating expenses (from financial statements)	6,711,753
Total new loans made	111,099,727
Amount of Federal loan balances	9,375,636
Other noncash Federal award expenditures	<u>10,771</u>
Total Schedule B	<u>\$680,962,514</u>

**Schedule C**

		<u>Percent</u>	
Total Schedule A	\$159,838,234	23.47	%
Total Non-Federal Expenses	<u>521,124,280</u>	<u>76.53</u>	%
Total Schedule B	<u>\$680,962,514</u>	<u>100.00</u>	%

\* Loan amounts are included on SEFA schedule

These schedules are used to determine the University's Single Audit costs in accordance with the Uniform Guidance.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FUNCTIONS AND PLANNING PROGRAM  
June 30, 2016**

(Unaudited)

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

The basic purpose and function of academic programming at the University is stated in the *Mission Statements* portion of the University's *Academic Plan*, which is updated and submitted annually to the Illinois Board of Higher Education. The *Mission Statements* include: (1) the *Illinois State University Mission Statement*, (2) *Board of Trustees Statement of Goals for 2016*, and (3) *College Mission Statements*.

The Academic Plan submitted during our audit period is for fiscal years 2016-2021 and can be found at [http://provost.illinoisstate.edu/downloads/academic\\_plan/AP20162021Final.pdf](http://provost.illinoisstate.edu/downloads/academic_plan/AP20162021Final.pdf). It includes: (1) an identification of institutional priorities; (2) the University's strategic plan, *Educating Illinois 2013-2018: Individualized Attention, Shared Aspirations*; and, (3) specific curricular initiatives set forth by those responsible for academic planning within the University.

The *Academic Plan* also includes academic unit (college) objectives for Fiscal Year 2016 and program reviews for the departments in the University being reviewed in the most recent review cycle. Program reviews contain recommendations for enhancing the programs being examined as well as plans for monitoring progress toward the fulfillment of these recommendations. During Fiscal Year 2016, program reviews were completed on the following programs: B.S. in Recreation and Park Administration, B.A., B.S., in Communication Studies, B.A., B.S. in Journalism, B.A., B.S. in Mass Media, B.A., B.S., in Public Relations, M.A., M.S. in Communication, B.A., B.S., B.F.A., M.A., M.S. and M.F.A. in Art, B.A., B.S., and M.S. in Arts Technology, B.A., B.S. and M. Music, and B.M. Performance

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

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



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FUNCTIONS AND PLANNING PROGRAM  
June 30, 2016**

(Unaudited)

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

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

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
BUDGET IMPASSE DISCLOSURES  
Year Ended June 30, 2016**

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the 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**

<u>Fund #</u>	<u>Fund Name</u>	<u>Number</u>	<u>Dollar Value</u>
007	Education Assistance Fund	50	\$38,291,000

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND  
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS  
Year Ended June 30, 2016**

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

None of the University's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2015 and Fiscal Year 2016 .

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
INTEREST COSTS ON FISCAL YEAR 2016 INVOICES  
YEAR ENDED JUNE 30, 2016**

Prompt Payment Interest Costs

The University did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (30 ILCS 540). The University's vendors were paid within 90 days.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT)  
Years Ended June 30, 2016 and 2015**

(Unaudited)\*

	<u>Instructional Activities</u>	<u>Organized Research</u>	<u>Public Service</u>
<b>YEAR ENDED JUNE 30, 2016</b>			
Appropriated funds:			
Faculty/administrative	1,202.80	6.90	18.50
Civil service	216.40	8.30	7.50
Student employees	62.90	.40	1.10
Miscellaneous contracts	4.00	-	1.70
	<u>1,486.10</u>	<u>15.60</u>	<u>28.80</u>
Non-appropriated funds:			
Faculty/administrative	45.70	120.00	41.60
Civil service	9.50	21.20	11.40
Student employees	19.00	13.80	14.00
Miscellaneous contracts	1.10	3.00	4.00
	<u>75.30</u>	<u>158.00</u>	<u>71.00</u>
<b>TOTAL ALL FUNDS</b>	<u>1,561.40</u>	<u>173.60</u>	<u>99.80</u>
<b>YEAR ENDED JUNE 30, 2015</b>			
Appropriated funds:			
Faculty/administrative	1,331.10	8.50	19.00
Civil service	218.70	10.50	8.70
Student employees	191.10	2.50	3.30
Miscellaneous contracts	20.00	.50	3.40
	<u>1,760.90</u>	<u>22.00</u>	<u>34.40</u>
Non-appropriated funds:			
Faculty/administrative	55.10	159.50	63.40
Civil service	18.50	25.80	17.10
Student employees	43.40	50.10	34.60
Miscellaneous contracts	5.00	25.40	14.60
	<u>122.00</u>	<u>260.80</u>	<u>129.70</u>
<b>TOTAL ALL FUNDS</b>	<u>1,882.90</u>	<u>282.80</u>	<u>164.10</u>

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

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

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT) continued  
Years Ended June 30, 2016 and 2015**

(Unaudited)\*

<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Operation and Maintenance Physical Plant</u>	<u>Independent Operations</u>	<u>Total All Functions</u>
99.60	64.90	88.80	12.60	-	1,494.10
79.00	19.40	245.80	303.50	-	879.90
17.90	5.70	28.30	15.00	-	131.30
0.70	0.10	2.40	10.80	-	19.70
<u>197.20</u>	<u>90.10</u>	<u>365.30</u>	<u>341.90</u>	<u>-</u>	<u>2,525.00</u>
3.40	170.70	-	-	47.10	428.50
-	70.60	-	4.30	217.40	334.40
0.10	63.80	-	-	233.40	344.10
<u>0.20</u>	<u>2.80</u>	<u>-</u>	<u>-</u>	<u>19.80</u>	<u>30.90</u>
<u>3.70</u>	<u>307.90</u>	<u>-</u>	<u>4.30</u>	<u>517.70</u>	<u>1,137.90</u>
<u>200.90</u>	<u>398.00</u>	<u>365.30</u>	<u>346.20</u>	<u>517.70</u>	<u>3,662.90</u>
94.00	71.80	107.30	15.10	-	1,646.80
76.60	24.00	246.20	306.20	-	890.90
47.40	10.70	42.00	59.10	-	356.10
7.00	1.10	14.10	21.20	-	67.30
<u>225.00</u>	<u>107.60</u>	<u>409.60</u>	<u>401.60</u>	<u>-</u>	<u>2,961.10</u>
4.70	178.70	-	-	52.90	514.30
0.10	77.10	1.90	130.40	238.80	509.70
0.10	324.50	-	-	615.70	1,068.40
<u>1.00</u>	<u>25.30</u>	<u>4.80</u>	<u>0.10</u>	<u>101.00</u>	<u>177.20</u>
<u>5.90</u>	<u>605.60</u>	<u>6.70</u>	<u>130.50</u>	<u>1,008.40</u>	<u>2,269.60</u>
<u>230.90</u>	<u>713.20</u>	<u>416.30</u>	<u>532.10</u>	<u>1,008.40</u>	<u>5,230.70</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANNUAL COST STATISTICS  
June 30, 2016 and 2015**

(Unaudited)

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

	<u><b>2016</b></u>	<u><b>2015</b></u>
Total education and general expenses/expenditures from current appropriated funds	\$ 20,934,900*	\$ 72,226,700*
Expenses/expenditures from locally held University Income Fund	<u>208,778,704</u>	<u>164,550,951</u>
Total expenses from current appropriated and locally held funds	229,713,604	236,777,651
Full-time equivalent students	÷ <u>19,256</u>	÷ <u>18,650</u>
 <b>COST PER FULL-TIME EQUIVALENT STUDENT</b>	 <u>\$ 11,929</u>	 <u>\$ 12,695</u>

\* Amount represents direct appropriations from the Education Assistance Fund to the University and does not include payments made on behalf of the University.

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

(Unaudited)

In Fiscal Year 2016, the University had three emergency purchases.

The University contracted with Sport Tours International, Inc. for \$109,012 to provide travel services for the Men's Basketball Team touring in Spain. This emergency/quick purchase was required due to a situation in which the need for services to protect or further University interests was immediate and use of other competitive source selection procedures under the Illinois Procurement Code could not have been accomplished without significant risk of causing disadvantages to the University.

The University contracted with Kiefer Specialty Flooring, Inc. and paid \$187,910 for the Horton Field House gym floor replacement. This emergency/quick purchase was required due to a situation in which immediate repairs were needed to prevent further loss or damage to University property from a burst water line. The floor needed to be replaced prior to the students returning from winter break.

The University contracted with Carrier Rental Systems for \$76,293 and incurred \$33,663 during Fiscal Year 2016 for temporary chiller equipment. This emergency/quick purchase was required due to a situation in which immediate repairs were needed to prevent further loss or damage to University property after a fire at the University's chiller plant.



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

(Unaudited)

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

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

Bookstore gross sales and University commissions were as follows:

<u>Fiscal Year</u>	<u>Bookstore sales</u>	<u>Commission</u>
2016	\$ 2,882,019	\$ 333,483
2015	\$ 2,669,138	\$ 303,679
2014	\$ 2,447,690	\$ 300,000

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

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Years Ended June 30, 2016 and 2015**

(Unaudited)

	<u>2016</u>	<u>2015</u>
Total University Budget as Approved by the Board of Trustees	\$422,246,900	\$425,600,000
<b>Performance Indicators</b>		
Degrees conferred	5,392	5,061
Retention rate (fall to fall)	81.1%	81.5%
Graduation rate (6 year)	72.2%	73.4%
<b>Enrollment Statistics (FTE)</b>		
Resident Undergraduate	16,617	16,417
Non-Resident Undergraduate	438	374
Resident Graduate/Professional	1,048	970
Non-Resident Graduate/Professional	429	422

Note: The information within this schedule was provided by the University's Office of Planning, Research, and Policy Analysis

**State of Illinois**  
**Illinois State University**  
**Compliance Examination**  
**Special Data Requirements for University Audits**  
**For the Year Ended June 30, 2016**  
**(Unaudited)**

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the University’s financial audit and compliance examination reports for the year ended June 30, 2016, where such special data is found.

**Compliance Findings**

- 13(a) There were no violations of the compliance requirements of the University Guidelines identified during the financial audit and compliance examination of the Illinois State University for the year ended June 30, 2016.

**Indirect Cost Reimbursements**

- 13(b) A statement of the sources and application of indirect cost recoveries is presented on Schedule 28 within this report at page 64.
- 13(c) The University’s calculation sheet for indirect cost carry-forward and any required remittance to the University’s Income Fund is presented on Schedule 29 within this report at page 65.

**Tuition Diversion to Auxiliary Enterprise Operations**

- 13(d) There were no diversions of tuition revenues to auxiliary enterprise operations identified during the financial audit and compliance examination of the Illinois State University for the year ended June 30, 2016.

**Auxiliary Enterprises, Activities, and Accounting Entities**

- 13(e) An identification of each specific accounting entity and a description of each entity’s sources of revenues and purpose are presented on Schedule 13 within this report at pages 48 – 49.
- 13(f) The present financial statements for each accounting entity are presented on Schedules 14 – 19 within this report at pages 50 – 55. These 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 within each accounting entity and any required remittance to the University’s Income Fund are presented on Schedules 20 – 27 within this report at pages 56 – 63.

**State of Illinois**  
**Illinois State University**  
**Compliance Examination**  
**Special Data Requirements for University Audits**  
**For the Year Ended June 30, 2016**  
**(Unaudited)**

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

- 13(h) The University has certain student employees whom are paid from federal funds under the Work-Study Program (CFDA #84.033). University management discloses – in accordance with the long-standing public policy of the State of Illinois – approximately \$3,524,216 of group insurance expense and \$5,201,035 of retirement plan contributions were paid from State appropriated funds for the year ended June 30, 2016. These payments are shown in the University’s financial statements as “Payments on behalf of the University.”
- 13(i) The revenues and expenses for various bond indenture accounts are presented within the University’s Condensed Statements of Net Position, Condensed Statements of Revenues, Expenses, and Changes in Net Position, and Condensed Statements of Cash Flows for the University’s Auxiliary Facilities System within the financial audit report at Note 22 on page 51.
- Further, the present financial statements for Housing, Student Activities, and Parking entities are presented on Schedules 18 – 19 within this report at pages 54 – 55. A description of the Housing, Student Activities, and Parking entities’ sources of revenues and purpose are presented on Schedule 13 within this report at pages 48 – 49.
- 13(j) There were no violations of the bond covenants identified during the financial audit and compliance examination of the Illinois State University for the year ended June 30, 2016.
- 13(k) The University does not currently have any non-instructional facilities reserves established by the University’s Board of Trustees.

**University Related Organizations (UROs)**

- 13(l) The University has one URO, the Illinois State University Foundation. The University does not have any “Independent Organizations” under Section VII of the University Guidelines.
- 13(m) A summary of Illinois State University Foundation payments to the University for services provided by the University is presented within this report at page 81.
- 13(n) A summary of University payments to the Illinois State University Foundation for services provided by the Illinois State University Foundation is presented within this report at page 81.
- 13(o) A disclosure of the cumulative amount of unreimbursed subsidies to the Illinois State University Foundation is presented within this report at page 81.

**State of Illinois**  
**Illinois State University**  
**Compliance Examination**  
**Special Data Requirements for University Audits**  
**For the Year Ended June 30, 2016**  
**(Unaudited)**

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

- 13(p) A disclosure and description of debt financed by the Illinois State University Foundation, along with other University long-term liabilities, is disclosed within the financial audit report at Note 9 on pages 35 – 40.

**Other Topics**

- 13(q) The Comparative Schedule of Cash and Cash Equivalents is presented on Schedule 8 within this report at page 41. The Comparative Schedule of Investments is presented on Schedule 9 within this report at page 42.
- 13(r) The University's income from investments of pooled funds has been allocated and credited to the original sources of the funds, to the extent practical. There was no unallocated investment income required to be paid into the University's Income Fund.
- 13(s) The cost per full-time equivalent student – prepared in accordance with requirements of the State of Illinois, Board of Higher Education – is presented within this report at page 74.
- 13(t) The University did not purchase any real estate with an acquisition cost in excess of \$250,000 that was not funded by a separate, specific appropriation from the General Assembly.
- 13(u) The University's Certificate of Participation issuances, along with other University and Illinois State University Foundation long-term liabilities, are disclosed within the financial audit report at Note 9 on pages 35 – 40.

**Other Schedules for Universities**

- 13(1) An analysis of State appropriations to the University is presented on Schedules 2 – 5 within this report at pages 35 – 38.
- 13(2) A Comparative Schedule of Revenues and Expenses for the University's Income Fund is presented on Schedule 6 within this report at page 39.
- 13(3) Separate schedules of tuition and fee waivers for undergraduate and graduate students, respectively, are presented within this report at pages 82 – 83.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SUMMARY OF FOUNDATION TRANSACTIONS WITH THE UNIVERSITY  
Years Ended June 30, 2016 and 2015**

(Unaudited)

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

During fiscal years 2016 and 2015, Illinois State University engaged the Foundation, under contract, to provide development and fund raising services. In addition, the University contributed services and expenditures in the amount of \$2,248,812 and \$2,390,524 during fiscal years 2016 and 2015, respectively. As required by contract, the Foundation fully repaid the University, using funds considered unrestricted for purposes of the computations per University Guidelines. There was no cumulative unreimbursed subsidy for fiscal years 2016 and 2015. During fiscal years 2016 and 2015 the Foundation contributed services and expenditures of \$11,378,773 and \$9,216,771, respectively that were for the direct and/or indirect support of the University.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
UNDERGRADUATE TUITION AND FEE WAIVERS  
For the Year Ended June 30, 2016**

(Unaudited)

	<b>Total Number of Recipients*</b>	<b>Tuition Waived</b>		<b>Fees Waived</b>	
		<b>(In Thousands of Dollars)</b>			
	<b>Number of Recipients*</b>	<b>Value of Waivers</b>	<b>Number of Recipients*</b>	<b>Value of Waivers</b>	
<b>Mandatory Waivers</b>					
Teacher Special Education	383	383	\$ 3,898.4	383	\$ 1,049.9
Reserve Officer's Training Corps	46	46	448.2	46	14.5
Wards of Illinois Department of Children and Family Services	18	18	148.2	18	28.2
Veterans Grants and Scholarships	227	227	1,164.5	227	145.6
Children of Employees	<u>322</u>	<u>322</u>	<u>1,495.3</u>	<u>-</u>	<u>-</u>
(subtotal)*	<u>994</u>	<u>994</u>	<u>7,154.6</u>	<u>674</u>	<u>1,238.2</u>
<b>Discretionary Waivers</b>					
Faculty/Administrators (Non-Civil Service)	2	2	8.9	2	2.0
Civil Service	60	60	216.4	60	48.4
Children of Deceased Employees	6	6	54.2	6	12.1
Athletic	405	405	3,224.1	-	-
Academic/Other Talent	602	602	1,833.6	-	-
Foreign Exchange Students	51	51	334.1	-	-
Student Need-Financial Aid	105	105	324.5	-	-
Teaching Assistants	-	-	-	-	-
Retired University Employees	-	-	-	-	-
Cooperating Professionals	<u>1</u>	<u>1</u>	<u>1.1</u>	<u>-</u>	<u>-</u>
(subtotal)*	<u>1,228</u>	<u>1,228</u>	<u>5,996.9</u>	<u>68</u>	<u>62.5</u>
<b>Total *</b>	<u><b>2,192</b></u>	<u><b>2,192</b></u>	<u><b>\$13,151.5</b></u>	<u><b>742</b></u>	<u><b>\$1,300.7</b></u>

\* Recipients are only counted once in the number of recipients for total waivers. Therefore, the sum of mandatory waiver and discretionary waiver recipients may not equal the total waivers reported. The total waiver value of waivers is cumulative; therefore, the values should equal together.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
GRADUATE TUITION AND FEE WAIVERS  
For the Year Ended June 30, 2016**

(Unaudited)

	<b>Total Number of Recipients*</b>	<b>Tuition Waived</b>		<b>Fees Waived</b>	
		<b>Number of Recipients*</b>	<b>Value of Waivers</b>	<b>Number of Recipients*</b>	<b>Value of Waivers</b>
<b>(In Thousands of Dollars)</b>					
<b>Mandatory Waivers</b>					
Teacher Special Education	5	5	\$ 22.8	5	\$ 6.0
Veterans Grants & Scholarships	<u>30</u>	<u>30</u>	<u>83.7</u>	<u>30</u>	<u>14.9</u>
(subtotal)*	<u>34</u>	<u>34</u>	<u>106.5</u>	<u>35</u>	<u>20.9</u>
<b>Discretionary Waivers</b>					
Faculty/Administrators (Non-Civil Service)	134	134	443.8	134	92.1
Civil Service	72	72	239.0	72	49.6
Cooperating Professionals	331	331	928.6	-	-
Athletic	6	6	37.9	-	-
Academic/Other Talent	353	353	695.5	1	1.3
Foreign Exchange Students	36	36	155.4	-	-
Graduate Assistants	990	990	9,557.0	-	-
Retired University Employees	<u>3</u>	<u>3</u>	<u>8.2</u>	<u>3</u>	<u>1.7</u>
(subtotal)*	<u>1,832</u>	<u>1,832</u>	<u>12,065.4</u>	<u>210</u>	<u>144.7</u>
<b>Total*</b>	<u>1,862</u>	<u>1,862</u>	<u>\$12,171.9</u>	<u>245</u>	<u>\$ 165.6</u>

\* Recipients are only counted once in the number of recipients for total waivers. Therefore, the sum of mandatory waiver and discretionary waiver recipients may not equal the total waivers reported. The total waiver value of waivers is cumulative; therefore, the values should equal together.