

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY**

**State Compliance Examination Report
For the Year Ended June 30, 2021**

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

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Other Reports Issued Under a Separate Cover

The Illinois State University's financial statements as of and for the year ended June 30, 2021, have been issued under a separate cover. Additionally, in accordance with *Government Auditing Standards*, we have issued the Report Required Under *Government Auditing Standards* for the year ended June 30, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, under a separate cover. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's 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.

**State of Illinois
Illinois State University
State Compliance Examination
For the Year Ended June 30, 2021**

University Officials

President (07/01/21 – present)
President (07/01/20 – 06/30/21)

Dr. Terri Goss Kinzy
Dr. Larry Dietz

Vice President for Finance and Planning

Mr. Dan Stephens

Vice President for Academic Affairs and Provost

Dr. Andover Tarhule

Vice President for Student Affairs

Dr. Levester Johnson

Vice President for University Advancement

Mr. Pat Vickerman

Comptroller

Mr. Doug Schnittker

Legal Counsel

Ms. Lisa Huson

Director – Internal Audit

Mr. Robert Blemler

Officers of the Board of Trustees

Chair of the Board (07/01/21 – present)
Chair of the Board (07/01/20 – 06/30/21)

Dr. Mary Ann Louderback
Ms. Julie Annette Jones

Secretary of the Board (07/01/21 – present)
Secretary of the Board (07/01/20 – 06/30/21)

Dr. Kathryn Bohn
Dr. Mary Ann Louderback

Members of the Board of Trustees

Member

Ms. Kathryn Bohn

Member

Mr. Robert Dobski

Member

Mr. Rocky Donahue

Member

Ms. Julie Annette Jones

Member

Dr. Mary Ann Louderback

Member

Dr. Robert Navarro

Member (12/14/20 – present)
Member (07/01/19 – 12/14/20)

Vacant
Ms. Sharon Rossmark

Student Member (07/01/21 – present)
Student Member (07/01/20 – 06/30/21)

Ms. Devin Paoni
Ms. Jada Turner

Office Location

The University's primary administrative offices are located at:

Hovey Hall
Campus Box 1100
Normal, Illinois 61790-1100



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

Vice President for Finance and Planning

302 Hovey Hall
Campus Box 1100
Normal, IL 61790-1100
Phone: (309) 438-2143
Fax: (309) 438-2768

May 12, 2022

RSM US LLP
20 N. Martingale Road, Suite 500
Schaumburg, Illinois 60173-2420

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 (University). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following specified requirements during the one-year period ended June 30, 2021. Based on this evaluation, we assert that during the year ended June 30, 2021, the University has materially complied with the specified requirements listed below.

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

Yours truly,

Illinois State University

SIGNED ORIGINAL ON FILE

Dr. Terri Goss Kinzy, University President

SIGNED ORIGINAL ON FILE

Mr. Dan Stephens, Vice President Finance and Planning

SIGNED ORIGINAL ON FILE

Alice Maginnis, Interim General Counsel

**State of Illinois
 Illinois State University
 State Compliance Examination
 For the Year Ended June 30, 2021**

Compliance Report Summary

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

Accountant's Report

The Independent Accountant's Report on State Compliance, and on Internal Control over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses in internal control over compliance.

Summary of Findings

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	14	14
Repeated findings	11	9
Prior recommendations implemented or not repeated	3	4

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2021-001	10	2020/2020	Inadequate Internal Controls over Census Data	Material Weakness and Material Noncompliance
2021-002	14	2020/2018	Information Security Weaknesses	Material Noncompliance and Material Weakness
2021-003	16	2020/2019	Weaknesses in Cybersecurity Programs and Practices	Noncompliance and Significant Deficiency
2021-004	18	2020/2019	Inadequate Business Continuity and Disaster Recovery Planning	Noncompliance and Significant Deficiency
2021-005	20	2020/2018	Inadequate Control over Property and Equipment	Noncompliance and Significant Deficiency
2021-006	22	New	Inadequate Control over Employment Eligibility Verifications	Noncompliance and Significant Deficiency
2021-007	23	New	Failure to Run the Illinois Institute for Entrepreneurship Education	Noncompliance and Significant Deficiency
2021-008	24	2020/2020	Noncompliance with the Illinois Articulation Initiative Act	Noncompliance and Significant Deficiency

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Compliance Report Summary (Continued)

Item No.	Page	Last/First Reported	Description	Finding Type
Current Findings				
2021-009	25	2020/2019	Inadequate Control Over Training	Noncompliance and Significant Deficiency
2021-010	27	2020/2012	Noncompliance with the University Faculty Research and Consulting Act	Noncompliance and Significant Deficiency
2021-011	29	2020/2019	Noncompliance with Civil Service Requirements	Noncompliance and Significant Deficiency
2021-012	30	2020/2020	Failure to Appoint a Sustainability Committee	Noncompliance and Significant Deficiency
2021-013	32	New	Inadequate Control over Voucher Processing	Noncompliance and Significant Deficiency
2021-014	34	2020/2005	Noncompliance with the State Officials and Employees Ethics Act	Noncompliance and Significant Deficiency
Prior Findings Not Repeated				
A	35	2020/2020	Lack of Adequate Controls over the Review of Internal Controls over Service Providers	
B	35	2020/2019	Failure to Provide Exit Counseling to Nursing Students	
C	35	2020/2020	Failure to Return Unearned Title IV Assistance	

Compliance Report Summary (Continued)

Exit Conference

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on April 21, 2022. Attending were:

University:

Dan Stephens	Vice President for Finance and Planning
Doug Schnittker	Comptroller
Erika Jones	Assistant Comptroller
Charles Edamala	Chief Technology Officer
Dan Taube	Interim Chief Information Security Officer
Emily Duffield	Chief Accountant
Rob Blemler	Director – Internal Audit

Office of the Auditor General:

Daniel J. Nugent, CPA	Technical Specialist
Jennifer Rankin, CPA	Audit Manager

RSM US LLP:

Joseph Evans, CPA	Partner
Dan Sethness, CPA	Senior Manager
Erik Ginter, CPA	Manager

The responses to the recommendations were provided by Ms. Erika Jones, Assistant Comptroller, in a correspondence dated April 26, 2022.

**Independent Accountant's Report on State Compliance
and on Internal Control over Compliance**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois State University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Illinois State University (University) with the specified 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, 2021. Management of the University is responsible for the University's compliance with the specified requirements. Our responsibility is to express an opinion on the University's compliance with the specified requirements based on our examination.

The specified requirements are:

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the University complied, in all material respects, with the specified requirements. An examination involves performing procedures to obtain evidence about whether the University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

Our examination does not provide a legal determination on the University's compliance with the specified requirements.

Our examination disclosed material noncompliance with specified requirement C on the previous page applicable to the University during the year ended June 30, 2021, as described in the accompanying Schedule of Findings as items 2021-001 and 2021-002.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the University complied with the specified requirements during the year ended June 30, 2021, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2021-003 through 2021-014.

The University's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the University's internal control as a basis for designing examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-001 and 2021-002 to be material weaknesses.

A significant deficiency in internal control 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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-003 through 2021-014 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The University's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
May 12, 2022

Current Findings – State Compliance

Finding 2021-001 Inadequate Internal Controls over Census Data

The Illinois State University (University) did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of both the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Finally, CMS' actuaries use census data for employees of the State's public universities provided by SURS along with census data for the other participating members which is provided by the State's four other pension plans to prepare the projection of the OPEB plan's liabilities.

During testing, we noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.

Based on information we obtained while performing our audit, we learned these deficiencies are pervasive across the public universities participating in SURS and across the State's agencies participating in one of the other four State pension plans, the State Employees' Retirement System of Illinois. These conditions significantly increase the risk there could be errors at one or more employers within the plans, and these errors could have a significant impact on SURS' and CMS' measurement of pension and OPEB liabilities, respectively.

In addition, we noted errors within CMS' allocation of OPEB-related balances across the State's funds, public universities, and the Illinois State Toll Highway Authority related to a failure by CMS to account for a separately financed specific OPEB liability for certain groups of employees at one component unit of the State. The impact of these errors resulted in the University restating its beginning net position by \$4,618,471 as of July 1, 2020.

Schedule of Findings (Continued)
For the Year Ended June 30, 2021

Current Findings – State Compliance

Finding 2021-001 Inadequate Internal Controls over Census Data (continued)

Based upon the significance of these issues alone, we concluded a material weakness exists within the University's internal controls related to ensuring both SURS and CMS can provide their respective actuaries with complete and accurate census data related to the University's active employees. Even given these exceptions, we performed detail testing of a sample of employees and certain data analysis tests of the total population of the University's census data transactions reported to SURS. Based on our analysis of transactions reported by the University to SURS during the census data accumulation period throughout Fiscal Year 2019, we noted one of 618 (<1%) employees reported as terminated was initially incorrectly reported as eligible to participate in SURS by the University and subsequently determined by the University to be ineligible for SURS approximately 2.5 months later. While this event was reported by the University to SURS as a termination, this event did not result in SURS correcting previously recorded payroll records and contributions for this employee, which ultimately resulted in an overstatement of the employee's total service credit by 0.50 years.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is a person who works for the University in a secretarial, mechanical, labor, clerical, educational, administrative, or other staff position which is either (a) permanent and continuous or (b) for a period of four months or an academic term, whichever is less, who is:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-001 Inadequate Internal Controls over Census Data (continued)

Further, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

In addition, the Illinois Pension Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds. Additionally, the Act (5 ILCS 375/10) requires active employees to make contributions as set by CMS and the Act (5 ILCS 375/11) requires employer contributions by the University for all employees not totally compensated from its Income Fund, local auxiliary funds, and the Agricultural Premium Fund.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

University officials indicated they routinely reviewed and reconciled events in the SURS system based upon the data that was available, but that a full reconciliation of the census data with SURS had not previously been completed because they were unaware the University needed to fully reconcile every census data element to SURS' records.

Failure to ensure complete and accurate census data was reported to SURS could result in a material misstatement of the University's financial statements and reduced the overall accuracy of pension/OPEB-related liabilities, deferred inflows and outflows of resources, and expense recorded by the State, the State's agencies, and other public universities and community colleges across the State. In addition, failure to reconcile active members' census data reported to and held by SURS to the University's internal records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the pension and OPEB balances, which could result in a material misstatement of these amounts. Finally, the allocation error involving one component unit in the OPEB plan resulted in misstatements within each employer's allocation, which resulted in a restatement at the University. (Finding Code No. 2021-001, 2020-001)

Current Findings – State Compliance

Finding 2021-001 Inadequate Internal Controls over Census Data (continued)

Recommendation

We recommend the University implement controls to ensure census data events are timely and accurately reported to SURS.

Further, we recommend the University work with SURS to annually reconcile its active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary. After completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Finally, we recommend the University work with SURS and CMS to identify and address any unremitted or erroneously remitted employee and, if applicable, employer contributions related to these events.

University Response

The University has subsequently completed its initial full reconciliation of census data as of July 1, 2020, and submitted required changes to SURS.

The University will dedicate extra staff resources to focus greater attention on working with SURS, CMS, and other State schools to establish jointly agreed upon procedures leading to a more comprehensive reconciliation process for the census data on an annual basis. Additionally, the University is working to evaluate and improve its internal reporting processes to help prevent the types of errors found during the reconciliation audit.

Schedule of Findings (Continued)
For the Year Ended June 30, 2021

Current Findings – State Compliance

Finding 2021-002 Information Security Weaknesses

The Illinois State University (University) had multiple computer security weaknesses.

The University relies on its computing environment for maintaining several critical, sensitive, and/or confidential systems used to meet the University's needs.

During testing, we identified the following security weaknesses:

- The University's Information Technology (IT) policies and procedures were not reviewed and updated during the examination period to reflect the University's current environment or address future changes in processes and new systems.
- The University did not document whether users' roles within its applications were appropriate.
- The University did not conduct segregation of duties reviews between development and production environments for systems where University personnel have development responsibilities.
- For Colleague, an application used for financial reporting, and iPeople, the University's human resources and payroll application, we noted some users still had access to the application after the University's period for removing access had passed.
- During our review of user access listings during December 2021, we noted some users with general access to the various University systems, which was previously necessary based on their prior job duties, still had this access after their termination. While it is possible some of this access was appropriate after the employee's termination date, the University was unable to show the access rights which remained were appropriate.
- The University has not established a process or procedure for timely documenting its risk analysis and reasoning for when a failed patch of its system endpoints and servers can be exempted.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance University property and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

In addition, *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Access Control section, sanctions the appropriateness of access rights, timely termination, and periodic review of access rights to ensure appropriateness. Additionally, Special Publication 800-53's Configuration Management section, enforces logical restrictions with changes to systems.

University officials indicated:

- the policies were drafted and presented to the University's executive management team; however, these policies were not formally adopted due to COVID-19 pandemic;
- the appropriateness of users' roles were not documented due to resource constraints;
- the University's capacity, due to resource constraints, limited its ability to better segregate duties;
- access approval documentation was not retained due to employee oversight;
- access for terminated employees' accounts was not documented due to resource constraints; and,
- monitoring, performance, and validation of patch management was not adequately documented due to resource constraints.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-002 Information Security Weaknesses (continued)

Failure to maintain current policies and procedures could result in the University's security requirements not being met. Additionally, failure to maintain documentation on access approvals and review of all access rights could result in unauthorized access and modification to the University's systems. Also, failure to timely patch information systems or document why a patch was not appropriate under the circumstances could result in a compromise and expose confidential, sensitive, or personal information to unauthorized parties. (Finding Code No. 2021-002, 2020-003, 2019-001, 2018-002)

Recommendation

We recommend the University implement adequate security, including:

- finalizing the policies and procedures to (1) reflect the University's current environment and (2) address future changes in processes and new systems;
- document, during formal user access reviews, the appropriateness of each user's access to the University's applications;
- ensuring adequate segregation of duties or compensating controls exist for University personnel with development responsibilities;
- ensuring access to all applications is terminated in a timely manner and any access remaining after an individual departs from the University is limited and appropriate; and,
- establishing a process or procedure to ensure all devices are timely patched with vendor updates and that any failed patches of system endpoints and servers have a documented risk assessment and reasoning for why an exemption to the patching requirement is necessary.

University Response

The University acknowledges the statements on weaknesses, cause, and potential risks as detailed in this finding. The University agrees that the statements are accurate and relevant. Due to the time and resources necessary to correct all weaknesses identified, the University plans to develop a corrective action plan (CAP) that will detail the resources, actions, and timeline required to address each item.

The CAP will be developed by the Chief Information Security Officer (CISO) in collaboration with other University officials and University governance groups as appropriate and necessary. The CISO plans to recognize work efforts of the CAP within projects requested, scoped, and managed by the Information Security Program of the University. The CISO will begin developing the CAP immediately with the closure of the Fiscal Year 2021 audit cycle and plans to have the CAP developed by June 30, 2022.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-003 Weaknesses in Cybersecurity Programs and Practices

The Illinois State University (University) had not implemented adequate internal controls related to cybersecurity programs and practices.

Given the University's responsibilities, it maintains a substantial amount of personal and confidential information, including social security numbers, addresses, and educational records.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices.

During our examination of the University's cybersecurity program, practices, and control of confidential information, we noted the following:

- The University lacked formal policies over configuration management, system development, and information technology (IT) project management policies and procedures.
- The University did not track completion of information security training of its staff designated as security liaisons.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance University property and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Further, the *Framework for Improving Critical Infrastructure Cybersecurity* (Version 1.1) published by the National Institute of Standards and Technology (NIST) endorses adequate staff training and the adoption of configuration management, system development, and IT project management policies and procedures.

Finally, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

University officials indicated other competing priorities necessitated by the COVID-19 pandemic hindered the ability of the University's IT personnel to address these issues.

Inadequate cybersecurity programs and practices could result in unidentified risks and vulnerabilities, which may result in the University's records being susceptible to cyberattacks and unauthorized disclosures. Further, failure to ensure security staff members receive appropriate training could result in these employees not fulfilling their job duties and functions as intended by University management. (Finding Code No. 2021-003, 2020-007, 2019-005)

Recommendation

We recommend the University develop and approve policies governing configuration management, project management policies and procedures, and a system development lifecycle. Further, the University should implement a mechanism to track compliance with annual security training requirements and enforce those training requirements for all staff.

Current Findings – State Compliance

Finding 2021-003 Weaknesses in Cybersecurity Programs and Practices (continued)

University Response

The University acknowledges the statements on weaknesses, cause, and potential risks as detailed in this finding. The University agrees that the statements are accurate and relevant. Due to the time and resources necessary to correct all weaknesses identified, the University plans to develop a corrective action plan (CAP) that will detail the resources, actions, and timeline required to address each item.

The CAP will be developed by the Chief Information Security Officer (CISO) in collaboration with other University officials and University governance groups as appropriate and necessary. The CISO plans to recognize work efforts of the CAP within projects requested, scoped, and managed by the Information Security Program of the University. The CISO will begin developing the CAP immediately with the closure of the Fiscal Year 2021 audit cycle and plans to have the CAP developed by June 30, 2022.

Schedule of Findings (Continued)
For the Year Ended June 30, 2021

Current Findings – State Compliance

Finding 2021-004 Inadequate Business Continuity and Disaster Recovery Planning

The Illinois State University (University) needs to improve its business continuity and disaster recovery planning process.

The University relies on its computing environment for maintaining several critical, financially sensitive, and/or confidential systems used to meet the University's needs.

During testing, we noted:

- The University's baseline business continuity plan has not been completely established, including not having defined specific departmental procedures, recovery point objectives, and recovery time objectives. Additionally, the University had not conducted testing of the business continuity plan.
- The University did not ensure all other administrative units or departments outside of Administrative Technologies, which are responsible for their own systems, had adequately developed and tested contingency plans.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance University property and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

In addition, the *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Contingency Planning section, calls for developing and documenting a business continuity plan addressing roles, responsibilities, and coordination among entities, keeping the plan up-to-date, and testing the plan.

Finally, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

University officials indicated given both the University's decentralized structure where various units across the campus establish their individual business continuity and disaster recovery plans with the coordination of these plans into one overall plan set by the University's Emergency Management Department and the shared governance process, additional time and resources will be needed to correct these long-standing problems. Also, progress in implementing corrective action was slowed due to the COVID-19 pandemic.

Without adequate contingency planning, the University cannot ensure all of its critical systems could be recovered within an acceptable period and minimize the impact associated with a disaster. (Finding Code No. 2021-004, 2020-008, 2019-006)

Recommendation

We recommend the University continue working on establishing adequate and tested contingency plans to ensure all critical operations, regardless of administrative unit or department, can be recovered within the required timeframe. At a minimum, the plans should reflect the current environment, identify a prioritized list of critical applications and minimum recovery times, outline recovery team responsibilities and contact information, and discuss alternative recovery locations and off-site storage facilities.

In addition, the plan should be tested annually and updated where necessary based upon the test results and distributed to appropriate personnel, with copies of the plans stored off-site.

Current Findings – State Compliance

Finding 2021-004 Inadequate Business Continuity and Disaster Recovery Planning (continued)

University Response

The University acknowledges the statements on inadequate formally documented planning and associated risks for business continuity and disaster recovery as detailed this finding. The University agrees that the statements are accurate and relevant. The University plans to develop a corrective action plan (CAP) that will detail the resources, actions, and timeline necessary to complete the university-wide Continuity of Operations Plan that is currently in development.

The CAP will be developed by the Chief Information Security Officer (CISO) in collaboration with other University officials and University governance groups as appropriate and necessary. The CISO plans to track and oversee the work efforts under the Information Security Program of the University. The CISO will begin developing the CAP immediately with the closure of the Fiscal Year 2021 audit cycle and plans to have the CAP developed by June 30, 2022.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-005 Inadequate Control over Property and Equipment

The Illinois State University (University) has inadequate control over its property and equipment.

During testing, we noted the following:

- During testing of 80 equipment items across the University, we noted:
 - One item (1%), an audio mixer with an original cost of \$8,596, did not have a property tag.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.210) requires the University mark its equipment as the property of the State of Illinois by either applying the University's inventory decal or indelibly marking the item.

- One item (1%) – a transducer ultrasound scanner with an original cost of \$10,653 – was missing during our inspection.

The State Property Control Act (30 ILCS 605/4) requires the University President to be accountable to the Director of the Department of Central Management Systems for the supervision, control, and inventory of property under the University's jurisdiction.

- Three items (4%) – a camcorder with an original cost of \$28,937, a treadmill with an original cost of \$40,299, and a spectrophotometer with an original cost of \$7,950 – were found in use at a different location than the location the property was at according to the University's property listing.

The Code (44 Ill. Admin. Code 5010.230) and the Statewide Accounting Management System (SAMS) (Procedure 29.10.10) require the University maintain detailed records for each equipment item, including the current location of an equipment item.

- The University did not always enter property transactions into its property records timely during the examination period. During testing of 40 equipment additions, we noted 5 (13%) items – a system control unit, anaerobic digester, LED plant growth chamber, compost screener, and gun – with an original cost of \$134,718 were added to the University's property listing 112 to 295 days after the item was acquired by the University.

The Code (44 Ill. Admin. Code 5010.400) requires the University adjust its property records within 90 days of acquiring, changing, or deleting an equipment item.

Further, this finding was first noted during the University's Fiscal Year 2018 State compliance examination, three years ago. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance property is safeguarded against loss or unauthorized use.

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-005 Inadequate Control over Property and Equipment (continued)

Finally, the University's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials indicated its remote workforce during the COVID-19 pandemic contributed to delays in tagging equipment and updating equipment locations.

Failure to ensure property transactions are timely recorded and tagged and that property items are locatable and in service at the location recorded on the property listing could result in errors or other irregularities not being timely identified, unnecessary equipment expenditures, inaccurate capital asset balances in the University's financial statements, and represents noncompliance with State laws and regulations. (Finding Code No. 2021-005, 2020-006, 2019-004, 2018-006)

Recommendation

We recommend the University implement controls to provide assurance its property transactions are timely recorded and tagged and that property items are locatable and in service at the location recorded on the property listing.

University Response

The University acknowledges that additional staff training is needed related to prompt payment of fixed asset invoices, proper tagging of related vouchers to enable proper identification, and prompt record updating for the location of assets.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-006 Inadequate Control over Employment Eligibility Verifications

The Illinois State University (University) did not exercise adequate internal control over verifying eligibility for employing its new employees.

During testing of 10 new hires, we noted the following:

- Four (40%) new hires tested did not complete their Employment Eligibility Verification form (Form I-9) on or before their first day of work at the University. These were completed between 1 and 34 days late.
- The University did not complete its review and verification of the Form I-9 for two (20%) new hires tested. These were completed 4 and 20 business days late.

The Immigration Reform and Control Act of 1986 (Act) (8 U.S. Code § 1324a) requires the University attest it has verified an individual it employs is not an unauthorized alien. The Act and its federal regulations (8 CFR § 274a.2(b)) require the University (a) ensure each individual it hires properly completes Section 1 of Form I-9 at the time of hire and (b) have its representative review and verify the employee's eligibility for employment and sign and complete Section 2 of the Form I-9 to attest to this work within three business days after the employee began working at the University.

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

University officials indicated these exceptions were due to oversight.

Failure to comply with the provisions of the Act and its federal regulations could subject the University to unnecessary litigation risks and represents noncompliance with federal law. (Finding Code No. 2021-006)

Recommendation

We recommend the University implement controls to (1) ensure each individual it hires properly completes Section 1 of Form I-9 no later than the new employee's first working day and (2) have its representative review and verify the new employee's eligibility for employment and sign and complete Section 2 of the Form I-9 to attest to this work within three business days after the employee began working at the University.

University Response

The University acknowledges that additional staff training is needed related to collection of data. Human Resources will work on communicating out updated requirements to personnel responsible (internally and on-campus) for Form I-9 collection and compliance.

**State of Illinois
Illinois State University**

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-007 Failure to Run the Illinois Institute for Entrepreneurship Education

The Illinois State University (University) did not run the Illinois Institute for Entrepreneurship Education (IIEE).

During testing, we noted the University transferred the IIEE to the Chicago State University (CSU) during Fiscal Year 2011.

The Illinois State University Law (110 ILCS 675/20-115) requires the University run the IIEE to “foster the growth and development of entrepreneurship education in the State of Illinois” and to “help remedy the deficiencies in the preparation of entrepreneurship education teachers, increase the quality and quantity of entrepreneurship education programs, improve instructional materials, and prepare personnel to serve as leaders and consultants in the field of entrepreneurship education and economic development.”

University officials indicated the University and CSU had agreed to seek a legislative remedy; however, neither party was successful in accomplishing this task as of year-end.

Failure to run the IIEE limits the ability of the University’s students who will become teachers from learning about entrepreneurship education, limits the ability of those teachers to teach their future students about entrepreneurship, and represents noncompliance with State law. (Finding Code No. 2021-007)

Recommendation

We recommend the University run the IIEE or seek a legislative remedy with CSU to formally transfer the IIEE to CSU.

University Response

The University will seek legislative support to eliminate this law.

**State of Illinois
Illinois State University**

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-008 Noncompliance with the Illinois Articulation Initiative Act

The Illinois State University (University) did not submit a minimum of one course per major under the Illinois Articulation Initiative (Initiative) for some majors offered by the University.

The Initiative, through its itransfer.org website, exists to ease the transfer of students among the State's associate and baccalaureate degree granting institutions. The Initiative consists of both a General Education Core Curriculum (GECC) package, where completion of the entire package at one institution is fully accepted by 108 institutions across the State, and an Initiative major, which are common courses at the lower-division level that can be used to ensure students are prepared for upper-division work at 78 institutions across the State.

During testing, we noted the University did not have a minimum of one course included within the related Initiative major for its art, physics, and psychology degree programs.

The Illinois Articulation Initiative Act (110 ILCS 152/15) requires the University participate in the Initiative by maintaining a minimum of one course in the related Initiative major, if the University has an equivalent major and courses.

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

University officials indicated corrective action has begun for each of these majors, but the process has not been completed as of year-end.

Failure to fully participate in the Initiative by submitting, at least, one course per Initiative major could hinder students looking to transfer to other institutions and represents noncompliance with State law. (Finding Code No. 2021-008, 2020-009)

Recommendation

We recommend the University comply with the requirements of the Illinois Articulation Initiative Act.

University Response

The University submitted the three major courses for review during the Initiative's fall 2021 review season. The Art course has been accepted by the Initiative, while the University continues to work on making adjustments to the course descriptors for Physics and Psychology. The University will continue to work towards compliance.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-009 Inadequate Control over Training

The Illinois State University (University) did not consistently ensure its employees completed statutory training requirements.

During testing of 40 employees, we noted the following:

- Nine of nine (100%) employees with access to social security numbers (SSNs) in the normal course of their employment lacked documentation to substantiate they had completed training on how to protect SSNs.

The Identity Protection Act (5 ILCS 179/37) requires the University to adopt policies requiring University employees with access to SSNs receive training on the proper handling of SSNs from the time of collection through destruction. University Policy 1.13, which was adopted on November 9, 2009, mandates University employees required to use or handle SSNs be trained on “proper procedures for handling information containing [SSNs] from the time of collection through the destruction of the information, in order to protect the confidentiality of [SSNs].”

Further, the State Records Act (5 ILCS 160/8) requires the University to make and preserve records containing adequate and proper documentation of the functions and transactions of the University to protect the legal rights of the State and of persons directly impacted by the University’s activities.

University officials indicated training for the protection of secure data types, including SSNs, was added to the University’s systems after these employees had completed their training and, while the employees received notification to update their training, the University’s system did not record completion of this additional round of training by the employees.

- Three of 12 (25%) new hires within the sample completed their initial ethics training and sexual harassment prevention training between 14 to 33 days late. In addition, 1 of 12 (8%) new hires within the sample completed their sexual harassment prevention training 10 days late.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-10(c)) requires new employees complete their initial ethics training within 30 days after commencing employment. Further, the Act (5 ILCS 430/5-10.5(a)) requires new employees complete their initial sexual harassment training within 30 days after commencing employment.

University officials indicated the exceptions noted for the Act’s required trainings were due to the timing of employee training notifications being sent out and individual employee oversight.

Further, this finding was first noted during the University’s Fiscal Year 2019 State compliance examination, two years ago. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University’s operations comply with applicable laws, rules, and regulations.

Finally, the University’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-009 Inadequate Control over Training (continued)

Failure to ensure records of employee training are created and retained hinders the accountability and limits the ability of the University to substantiate compliance with State law. Further, failure to ensure employees timely complete ethics and sexual harassment prevention training represents noncompliance with the Act, may hinder efforts to increase awareness of ethics laws and sexual harassment prevention, and could result in employees being unaware of their responsibilities. (Finding Code No. 2021-009, 2020-010, 2019-007)

Recommendation

We recommend the University implement controls to provide assurance employees timely complete training in accordance with applicable State law and retain evidence of their completion of mandated training events.

University Response

Regarding the SSN data protection training, the Chief Information Security Officer (CISO) plans to develop a corrective action plan (CAP) that will detail the resources, actions, and timeline required to ensure training distribution and completion. The CISO plans to recognize work efforts of the CAP within projects requested, scoped, and managed by the Information Security Program of the University. The CISO will begin developing the CAP immediately with the closure of the Fiscal Year 2021 audit cycle and plans to have the CAP developed by June 30, 2022.

Regarding the ethics and sexual harassment prevention training, the University trains over 6,400 employees annually and 2,400 employees as new hires each year, as these trainings are required of all employee classifications. In an effort to maintain an effective and efficient training system, the University utilizes an online learning management system that is interfaced with the University's Human Resources Information System (HRIS). Training notifications for new hires are sent out weekly on Monday and delays in training notifications may occur due to delays in entering data into the HRIS at certain busy periods of the year. This hire date, and/or the actual start date due to the start of the academic year, may cause variances in the due dates and completion within 30 days. Employees and their supervisors are sent weekly e-mail reminders for those employees that have not completed their required training. The University has procedures and controls in place to train employees and maintain an effective and efficient training system in compliance with applicable requirements and will continue to work to ensure employee are trained timely and in compliance with applicable training requirements.

Schedule of Findings (Continued)
For the Year Ended June 30, 2021

Current Findings – State Compliance

Finding 2021-010 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 (Act) and University policies regarding outside employment.

During Fiscal Year 2021, faculty members reported 96 instances of outside employment to the University Provost.

During testing, we noted the following:

- Thirty-two of 96 (33%) instances had the Request for Approval of Secondary/Outside Employment (Form PERS 927) submitted by the faculty member for approval by the University's Provost between 1 to 239 days late.
- Two of 96 (2%) instances never had a Form PERS 927 submitted by the faculty member to the University's Provost.
- Fifty-five of 96 (57%) instances had Form PERS 927 approved by the University's Provost between 1 to 377 days late.
- Fifty-five of 96 (57%) instances did not have the Annual Report of Secondary/Outside Employment (Form PERS 928) submitted by the faculty member.
- Six of 96 (6%) instances had the Form PERS 928 submitted by the faculty member to the University's Provost during September and October 2021, between 1 to 35 days late. This lag reduced or eliminated the amount of time available for review and approval by the faculty member's department chair and dean prior to the deadline for receiving final approval from the University's Provost on September 30, 2021.
- Three of 96 (3%) instances had an approval for outside employment by the University's Provost, but the PERS 927 on file did not have the expected end date of the faculty member's employment.

Further, this finding was first noted during the University's Fiscal Year 2012 State compliance examination, **10 years ago**. As such, University management has been unsuccessful in implementing a corrective action plan to remedy these deficiencies.

The 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:

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

The University's Provost has been designated as the University President's designee for approvals and recordkeeping.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

**Finding 2021-010 Noncompliance with the University Faculty Research and Consulting Act
(continued)**

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

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University’s operations comply with applicable laws, rules, and regulations.

Finally, the University’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials indicated, as they did during prior years, these conditions were due to employee errors and oversight.

Failure to ensure faculty members with outside research, consulting services, or employment obtain written pre-approval from the University’s Provost and file annual reports with the University’s Provost about the amount of time spent during the preceding fiscal year on outside research, consulting services, or employment represents noncompliance with State law and University Policy 3.3.7 and hinders the oversight of outside activities by the University as intended by the General Assembly. (Finding Code No. 2021-010, 2020-011, 2019-008, 2018-007, 2017-005, 2016-003, 2015-002, 2014-003, 2013-005, 12-5)

Recommendation

We recommend the University’s Provost take appropriate corrective action and 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 implemented a new online application and approval process on July 1, 2020, and continues to evaluate and improve the process.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-011 Noncompliance with the Civil Service Requirements

The Illinois State University (University) did not comply with provisions of the State Universities Civil Service Act (Act).

During testing, we noted the following:

- The University did not notify the Executive Director of the University Civil Service Merit Board (Board) of a position to be filled covered by the State Universities Civil Service System (System).

The Act (110 ILCS 70/36h) requires the University, when it has a position to be filled covered by the System, inform the Executive Director of the Board.

- The University did not notify the Executive Director of the Board of the individual selected among three potential candidates for a position to be filled covered by the System.

The Act (110 ILCS 70/36h) requires the University, after selecting one of the three candidates provided by the Executive Director of the Board, notify the Executive Director of the Board of the selection.

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

University officials indicated the System is seeking a legislative remedy to address this matter in the Spring 2022 session of the General Assembly and that, until then, they must follow the directives of the System.

Failure to comply with the statutory process for hiring employees in a position to be filled under the jurisdiction of the System represents noncompliance with State law and hinders the oversight functions of the Board as intended by the General Assembly. (Finding Code No. 2021-011, 2020-012, 2019-009)

Recommendation

We recommend the University notify the Board's Executive Director of each position needed to be filled and the individual ultimately selected for the position, or work with the Board to seek a legislative remedy.

University Response

On February 14, 2020, the System's Executive Director informed the University in writing that the Designated Employer Representative (DER) at the University, the University's Associate Vice President of Human Resources, has the authority to administer Sections 36(b)-36(q), inclusive, of the Act. Accordingly, all applicable employee notices above are managed and administered at the University level.

Since then, the University has had additional conversations with the System's Executive Director regarding this finding. On April 8, 2022, House Bill 5408 passed the General Assembly which, among other things, clarified the authorities delegated to the University's DER in direct response to this finding. This bill is currently pending transmission to the Governor, who is expected to sign it into law.

Current Findings – State Compliance

Finding 2021-012 Failure to Appoint a Sustainability Committee

The President of Illinois State University (University) did not appoint members to the University's Sustainability Committee (Committee), which must then prepare the University's Sustainability Plan (Plan) and annually report on the University's progress on implementing the Plan.

During testing, we noted the following:

- The University's President, or designee, did not appoint staff members with skills, knowledge, and ability in each of the University's areas of operation addressed by the University's Plan to the University's Committee. Further, the University's President did not appoint one member of the University's Committee who was a senior member of management as the University's liaison to the Illinois Green Governments Coordinating Council (Council).

The Illinois Administrative Code (Code) (71 Ill. Admin. Code 2500.30(a) and 71 Ill. Admin. Code 2500.30(c)) requires the University's President, or designee, to appoint staff persons with knowledge, skills, and abilities in each of the areas of operation contained within the University's Plan to the Committee. Further, the Code (71 Ill. Admin. Code 2500.30(d)) requires the University's President, or designee, to appoint a member of the Committee who is a senior member of the University's management team to serve as the University's liaison to the Council.

- The University, as the Committee did not function, has not prepared a Plan, filed the latest version of the Plan with the Council, or prepared an annual report for the Council on the University's progress in implementing the Plan.

The Code (71 Ill. Admin. Code 2500.30(b)) requires the Committee prepare the University's Plan.

Further, the Code (71 Ill. Admin. Code 2500.40) requires the Committee prepare the Plan, and then revise the Plan no later than three years after adoption, which must include:

- 1) an assessment of the University's environmental impact, focusing on transportation, purchasing of goods and services, construction and renovation, facility management, and office operations;
- 2) sustainability goals, objectives, strategies, and assessment measures of progress in each area noted above; an assessment of, at least, one goal and related objective, strategies, and related measurements.

Finally, the Code (71 Ill. Admin. Code 2500.40) requires the submission of an annual progress report to the Council, in care of the Lieutenant Governor, on June 1.

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

University officials indicated the implementation of corrective action was slowed due to the changeover in presidential administrations.

Failure to have a functioning Committee resulted in the University not focusing on reducing its overall environmental impact – particularly those impacts arising from transportation, purchasing, construction and renovation activities, facility management, and office operations – as intended by the General Assembly and represents noncompliance with State regulations. (Finding Code No. 2021-012, 2020-013)

Current Findings – State Compliance

Finding 2021-012 Failure to Appoint a Sustainability Committee (continued)

Recommendation

We recommend the University's President establish and appoint qualified members to the Committee and designate a member of the Committee who is a senior member of the University's management team to serve as a liaison to the Council. Then, we recommend the Committee develop, and update when needed, the University's Plan. Finally, we recommend the University timely prepare and submit an annual progress report to the Council through filing the report with the Lieutenant Governor.

University Response

The completed Sustainability Master Plan that was previously presented to the President's Cabinet will be discussed at the May Board of Trustees meeting. A report will be completed and submitted to the Lieutenant Governor by the June 1, 2022, deadline.

A Sustainability Committee comprised of seven University personnel has been appointed by the University President, one of whom is the liaison to the Illinois Green Governments Coordinating Council.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-013 Inadequate Control over Voucher Processing

The Illinois State University (University) did not have adequate internal control over its voucher processing function.

During testing of 152 vouchers, totaling \$9,379,702, we noted the following:

- The University does not have a consistent process to record the date when an invoice was received by the University across its various internal departments and units.
- Nineteen (13%) vouchers tested, totaling \$459,102, were approved for payment between 32 and 135 days after the University received the voucher's related invoice.
- One (1%) voucher tested, totaling \$852, was paid by the University 139 days after the University received the voucher's related invoice.

Good internal controls over compliance include approving or denying, in whole or in part, a vendor's invoice within 30 days after receiving an invoice and then paying the approved portion of an invoice within 90 days after receiving the invoice. Further, the University should design an internal control process, such as the use of one consistent stamp across the University, to record when an invoice is received at the University.

During testing of 25 travel vouchers, totaling \$56,264, we noted:

- One (4%) tested voucher, totaling \$852, was submitted by the traveler 131 days after the last day travel occurred without providing a reasonable cause for the delay.

Internal Revenue Service (IRS) Publication 535, *Business Expenses*, notes employees receiving travel reimbursements must have paid or incurred deductible expenses while performing employment services, adequately accounted for the expenses within a reasonable period of time, generally defined by Publication 535 as within 60 days after the expenses were paid or incurred, and returned any excess reimbursements within a reasonable period of time. If the employee meets all three tests, the employee is under an accountable plan and the reimbursements are not included as on the employee's Form W-2. If the employee fails any of these tests, the employee is under a nonaccountable plan and all amounts paid as travel reimbursements are reported as wages on the employee's Form W-2, subject to income, Social Security, Medicare, and unemployment taxes.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently, effectively, and in compliance with applicable law.

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

University officials indicated these exceptions were due to processing delays attributable to the hybrid work from home environment during the COVID-19 pandemic.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-013 Inadequate Control over Voucher Processing (continued)

Failure to establish and maintain adequate internal control over voucher processing increases the likelihood errors or other irregularities could occur and not be detected in a timely manner by employees in the normal course of performing their assigned duties, increases the risk liabilities and expenses could be misstated on the University's financial statements, and could result in vendor dissatisfaction. Further, failure to require the timely submission of travel vouchers could result in additional efforts by the University's staff to allocate income to employees who are subject to a nonaccountable plan and represents noncompliance with IRS Publication 535. (Finding Code No. 2021-013)

Recommendation

We recommend the University review its voucher processing function to identify and mitigate processing areas or steps causing delays in the University's approval and payment process. In addition, the University should ensure all travel vouchers are promptly submitted by its travelers in strict adherence with Publication 535, or allocate income to the traveler under a nonaccountable plan.

University Response

The University acknowledges that additional staff training is needed related to prompt processing of invoices. In addition, the University will work towards establishing a standard for identifying when invoices are received to ensure invoices are approved for payment within 30 days.

**Schedule of Findings (Continued)
For the Year Ended June 30, 2021**

Current Findings – State Compliance

Finding 2021-014 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, we noted University Policy 1.12 only requires positive time reporting for the University's non-faculty employees. The faculty and graduate students within academic positions, academic/professional employees, and some civil service employees do not report actual hours worked and are only required to report benefit usage time (vacation, sick, etc.) used to the nearest quarter hour.

Further, this finding was first noted during the University's Fiscal Year 2005 State compliance examination, **17 years ago**. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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.

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

Finally, the University's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials indicated, as they did during prior years, they continue to work with 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 its employees on official State business as contemplated by the Act. (Finding Code No. 2021-014, 2020-014, 2019-013, 2018-009, 2017-007, 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 will continue to work towards a feasible solution to incorporate compliance.

**State of Illinois
Illinois State University**

**Schedule of Findings
For the Year Ended June 30, 2021**

Prior Findings Not Repeated

A. Lack of Adequate Controls over the Review of Internal Controls over Service Providers

During the prior audit, the Illinois State University (University) did not obtain or conduct timely independent internal controls reviews over its service providers.

During the current audit, we noted the University requires departments to prepare a Data Usage Form that is provided to the University's Information Security Office to review and document what procurement language needs to be added to the University's contract with a vendor and, if necessary, initiate a process to obtain and review an annual System and Organization Control report from the vendor. (Finding Code No. 2020-002)

B. Failure to Provide Exit Counseling to Nursing Students

During the prior audit, the Illinois State University (University) did not have adequate internal controls to ensure exit counseling was provided to all students who received a Nursing Student Loan.

During the current audit, our non-statistical sample testing of 19 students did not disclose any similar conditions. (Finding Code No. 2020-004, 2019-002)

C. Failure to Return Unearned Title IV Assistance

During the prior audit, the Illinois State University (University) did not have adequate internal controls to ensure all unearned Title IV awards from withdrawn students were returned to the U.S. Department of Education.

During the current audit, our non-statistical sample testing of 60 students did not identify any unremitted unearned Title IV funds. (Finding Code No. 2020-005)

**State of Illinois
Illinois State University
State Compliance Examination
For the Year Ended June 30, 2021**

Disclosures Report

Summary

A reading of the accompanying report components of the Illinois State University (University) was performed by RSM US LLP.

Accountant's Report

The accountants did not conclude an omission or uncorrected material misstatement of the other information exists in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report.

Exit Conference

This report was discussed with University personnel at an exit conference on April 21, 2022. Attending were:

University:

Dan Stephens	Vice President for Finance and Planning
Doug Schnittker	Comptroller
Erika Jones	Assistant Comptroller
Charles Edamala	Chief Technology Officer
Dan Taube	Interim Chief Information Security Officer
Emily Duffield	Chief Accountant
Rob Blemler	Director – Internal Audit

Office of the Auditor General:

Daniel J. Nugent, CPA	Technical Specialist
Jennifer Rankin, CPA	Audit Manager

RSM US LLP:

Joseph Evans, CPA	Partner
Dan Sethness, CPA	Senior Manager
Erik Ginter, CPA	Manager

**Independent Accountant's Report
On Unexamined Disclosure Accompanying a State
Compliance Examination Report**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois State University

Disclosures Accompanying a State Compliance Examination Report

Management of the Illinois State University (University) is responsible for the *Disclosures Accompanying a State Compliance Examination Report* (other information), which consists of the Fiscal Schedules and Analysis and Analysis of Operations report components as listed in the Table of Contents. The other information comprises disclosures which must be presented by management in accordance with *Report Components* memorandum published by the Auditor General of the State of Illinois, but does not include our *Independent Accountant's Report on State Compliance and on Internal Control over Compliance* found in the separate *State Compliance Examination Report* included within this document.

Our opinion on the University's State compliance and internal control over compliance does not cover this other information, and we do not express an opinion or any form of assurance thereon.

In connection with our examination of the University, we have read the other information and considered whether:

- 1) a material inconsistency exists between the other information and our knowledge and facts of the University we obtained as part of the University's State compliance examination;
- 2) the other information appears to have been omitted; or,
- 3) the other information appears to be materially misstated.

If, based on the work performed, we identified an omission or uncorrected material misstatement of the other information, we have agreed to describe it in this report.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
May 12, 2022

State of Illinois
 Illinois State University

Schedule of Appropriations, Expenditures and Lapsed Balances
 Expenditure Authority for Fiscal Year 2021
 For the Sixteen Months Ended October 31, 2021

Public Act 101-0637 Fiscal Year 2021	Expenditure Authority (Net After Transfers)	Expenditures through June 30, 2021	Approximate Lapse Period Expenditures July 1 to October 31, 2021	Approximate Total Expenditures 16 Months Ended October 31, 2021	Approximate Balances Lapsed, October 31, 2021
EDUCATION ASSISTANCE FUND - 007					
Personal Services	\$ 69,619,300	\$ 68,819,725	\$ 799,575	\$ 69,619,300	-
Total	<u>\$ 69,619,300</u>	<u>\$ 68,819,725</u>	<u>\$ 799,575</u>	<u>\$ 69,619,300</u>	<u>\$ -</u>
STATE COLLEGE AND UNIVERSITY TRUST FUND - 417					
Scholarship Grant Awards	\$ 30,000	\$ 24,975	\$ -	\$ 24,975	\$ 5,025
Total	<u>\$ 30,000</u>	<u>\$ 24,975</u>	<u>\$ -</u>	<u>\$ 24,975</u>	<u>\$ 5,025</u>
GRAND TOTAL - ALL FUNDS	<u>\$ 69,649,300</u>	<u>\$ 68,844,700</u>	<u>\$ 799,575</u>	<u>\$ 69,644,275</u>	<u>\$ 5,025</u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the University's records and have been reconciled to the State Comptroller's records as of October 31, 2021.

Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances
For the Years Ended June 30,**

	2021	2020
EDUCATION ASSISTANCE FUND - 007		
Expenditure Authority	\$ 69,619,300	\$ 69,619,300
Expenditures		
Personal Services	69,619,300	69,619,300
Total expenditures	69,619,300	69,619,300
Balances Lapsed	\$ -	\$ -
STATE COLLEGE AND UNIVERSITY TRUST FUND - 417		
Expenditure Authority	\$ 30,000	\$ 150,000
Expenditures		
Scholarship Grant Awards	24,975	150,000
Balances Lapsed	\$ 5,025	\$ -
GRAND TOTAL, ALL FUNDS		
Expenditure Authority	\$ 69,649,300	\$ 69,769,300
Expenditures	69,644,275	69,769,300
Balances Lapsed	\$ 5,025	\$ -

Note 1: Expenditure authority, appropriations, expenditures and lapsed balances were obtained from the University's records and have been reconciled to the State Comptroller's records as of October 31, 2021, and August 31, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to the vendor.

Note 3: The University received appropriations during Fiscal Year 2021 from Public Act 101-0637. In addition, the University received appropriations during Fiscal Year 2020 from Public Act 101-0007.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Comparative Schedule of Net Expenditures by Major Activity
For the Years Ended June 30,**

EXPENDITURE STATISTICS	2021	2020
All State Treasury Funds		
Total Operation Expenditures	\$ 69,619,300	\$ 69,619,300
Percentage of Total Expenditures	99.96%	99.79%
Personal Services	69,619,300	69,619,300
Total Awards and Grants Expenditures	\$ 24,975	\$ 150,000
Percentage of Total Expenditures	0.04%	0.21%
GRAND TOTAL - ALL EXPENDITURES	<u>\$ 69,644,275</u>	<u>\$ 69,769,300</u>

Note 1: Expenditures were obtained from the University's records and have been reconciled to the State Comptroller's records as of October 31, 2021, and August 31, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Analysis of Significant Variations in Expenditures
For the Year Ended June 30, 2021**

Education Assistance Fund – 007

The University did not have any significant variations in expenditures.

State College and University Trust – 417

Scholarship Grant Awards

The University was appropriated \$30,000 and \$150,000 in Fiscal Year 2021 and Fiscal Year 2020, respectively, for scholarship grant awards from the sale of collegiate license plates.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Analysis of Significant Lapse Period Spending
For the Year Ended June 30, 2021
(Unaudited)**

Education Assistance Fund – 007

Personal Services

The significant Lapse Period spending was due to the University not sending final payment for group health insurance costs until July 2021. This voucher was processed during the Lapse Period.

State College and University Trust – 417

Scholarship Grant Awards

There was no significant Lapse Period spending during the Lapse Period.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Schedule of Changes in Property
For the Year Ended June 30, 2021**

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
FISCAL YEAR 2021					
Property					
Land and land improvements	\$ 16,955,993	\$ -	\$ -	\$ -	\$ 16,955,993
Site improvements	53,799,585	-	-	-	53,799,585
Buildings and building improvement:	685,311,732	9,055,696	-	-	694,367,428
Equipment	276,369,692	7,946,762	(1,286,970)	(1,562,064)	281,467,420
Total	<u>\$ 1,032,437,002</u>	<u>\$ 17,002,458</u>	<u>\$ (1,286,970)</u>	<u>\$ (1,562,064)</u>	<u>\$ 1,046,590,426</u>
Construction in progress					
Construction in progress	\$ 61,265,054	\$ 15,548,087	\$ (9,340,230)	\$ 2,512,571	\$ 69,985,482
Total	<u>\$ 61,265,054</u>	<u>\$ 15,548,087</u>	<u>\$ (9,340,230)</u>	<u>\$ 2,512,571</u>	<u>\$ 69,985,482</u>

Note 1: These balances were obtained from the University's records and have been reconciled to the Agency's quarterly *Agency Report of State Property* reports submitted to the Office of the State Comptroller for the year ended June 30, 2021.

Note 2: This schedule was prepared from State property records as required by the Illinois Administrative Code (Code) and the Statewide Accounting Management System (SAMS). The capitalization policy required by the Code and SAMS is different from the capitalization policy established by the University for financial reporting in accordance with generally accepted accounting principles (GAAP).

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Analysis of Significant Variations in Account Balances
For the Year Ended June 30, 2021**

Fiscal Year 2021 Compared to Fiscal Year 2020

The University's Fiscal Year 2021 Statement of Net Position and Statement of Revenue, Expenses, and Changes in Net Position can be found on pages 18-19 and 20-21, respectively, within its previously separately released Fiscal Year 2021 financial audit report. Additionally, the University's Fiscal Year 2020 Statement of Net Position and Statement of Revenue, Expenses, and Changes in Net Position can be found on pages 18-19 and 20-21, respectively, within its previously released Fiscal Year 2020 financial audit report.

Statement of Net Position

Cash, restricted cash and cash equivalents and investments - Overall balances have increased due to receiving Higher Education Emergency Relief Funds to offset lost revenue from COVID shutdown. As a whole, the University is maintaining a higher balance in cash to provide for liquidity as the interest rate difference is negligible.

Accounts receivable, net - The increase was attributable to a delay in receiving cost-reimbursable awards.

Appropriations receivable from the State - The State was quicker to pay appropriations, leaving the University with a decreased balance at year-end.

Capital assets not depreciated - The increase is attributable to the University having multiple large construction projects in progress during Fiscal Year 2021.

Other noncurrent assets - The increase is due to INTO having to temporarily stop operations as a result of the COVID-19 pandemic and led to INTO not making timely payments to the University.

Accounts payable and accrued liabilities - The decrease is attributable to the University completing several construction projects which were paid for prior to year-end, lowering accounts payable.

Assets held in custody for others and deposits - The decrease is attributable to the University paying additions funds held for State Group Insurance during Fiscal Year 2021 compared to Fiscal Year 2020.

Unearned revenue - The increase is attributable to the University receiving an increased amount of advanced grant payments in Fiscal Year 2021 that did not meet eligibility requirements.

Revenue bonds payable - The increase is attributable to the University issuing revenue bond for the Watterson Towers HVAC projects and other various campus renovations.

OPEB Liability - The decrease is attributable to the decrease in the University's allocation of the OPEB Liability determined by CMS.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Analysis of Significant Variations in Account Balances (Continued)
For the Year Ended June 30, 2021**

Statement of Revenue, Expenses, and Changes in Net Position

Auxiliary facilities - The decrease is attributable to the University crediting students for portions of housing and dining fees as a result of the COVID-19 pandemic and students not being on campus for the entire duration of the academic year.

Other operating revenues - The decrease is attributable due to the COVID-19 pandemic reducing operations and led to reduced events and other sales.

Instruction, research, academic support, student services, institutional support, operation and maintenance of plant, student aid, student housing, activity facilities, and parking payments on behalf of the University – State and special funding situation - The increases are attributable to the increase in the amounts paid on behalf of employees for pension and OPEB and changes in the actuarial valuation.

Investment income, net of investment expenses - The decrease is attributable the University having reduced returns as a result of the University selling investments for cash for liquidity purposes.

Capital appropriations - The increase is attributable to the University receiving additional funding from Capital Development Board during Fiscal Year 2021.

Capital grants and gifts - The decrease is attributable to the Foundation providing a large donation of software in Fiscal Year 2020 and no similar item during Fiscal Year 2021.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Schedule of Sources and Applications
Indirect Cost Reimbursements
For the Year Ended June 30, 2021**

Balance, July 1, 2020	\$ 1,449,538
Sources:	
Private Gifts, Grants, and Contracts	89,619
United States Government Grants and Contracts	1,531,856
State of Illinois and Local Grants and Contracts	201,367
Payments on behalf of the University - State	5,581
Special funding situation - Pension and OPEB	20,833
Investment income, net of investment expense	1,903
	<hr/>
Total Additions	1,851,159
Applications:	
Educational and general:	
Research	2,624,662
Academic Support	56,649
Institutional Support	7,124
Depreciation	103,516
Student Aid	2,525
	<hr/>
Total Deductions	2,794,476
	<hr/>
Decrease in net assets	(943,317)
	<hr/>
Balance at June 30, 2021	\$ 506,221
	<hr/> <hr/>

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.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Auxiliary Facilities, Activities, and Accounting Entities
For the Year Ended June 30, 2021**

A listing of the University's auxiliary facilities, activities, accounting entities, their purposes, and their sources of revenue for the year ended June 30, 2021, 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.

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.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Auxiliary Facilities, Activities, and Accounting Entities (Continued)
For the Year Ended June 30, 2021**

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.

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.

Restricted Auxiliary Facilities Funds

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.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Comparative Schedule of Income Fund Revenues and Expenses
For the Years Ended June 30,**

	2021	2020
Revenues		
Registration fees	\$ 187,078,739	\$ 185,851,246
Registration - extension	563,655	492,340
Enrollment deposit fee forfeitures	13,335	8,505
Tuition and fees waived	7,704,575	8,145,735
Library fines	80	5,927
Instructional support fee	13,968,540	5,613,775
Investment income	1,254,797	2,275,238
Net increase (decrease) in fair market value of investments	(205,579)	(222,510)
Payments on behalf of University - State	32,457,689	22,385,166
Special funding situation - Pension and OPEB	118,679,733	51,540,326
Payments on behalf of University	2,155,849	3,355,218
Gifts and donations	1,985,146	1,591,438
Other	3,816,997	5,539,214
	<u>\$ 369,473,556</u>	<u>\$ 286,581,618</u>
Expenses		
Personal services	\$ 103,406,918	\$ 102,220,619
SURS retirement	112,937,708	104,677,913
Medicare	2,744,240	2,738,446
Group insurance	39,037,121	(30,274,824)
Contractual services	41,673,095	33,564,369
Travel	56,848	1,573,795
Commodities	3,059,206	2,883,365
Equipment and library books	8,780,825	7,503,072
Telecommunications services	819,920	828,987
Operation of automotive equipment	415,779	460,952
Refunds	3,283	125,035
Tuition and fees waived	7,704,575	8,145,735
Awards, grants, and matching funds	32,669,843	32,550,958
Permanent improvements	7,812,553	4,707,425
	<u>361,121,914</u>	<u>271,705,847</u>
Subtotal		
GASB No. 35 Adjustments:		
Depreciation	14,903,818	15,536,266
Capital asset additions/disposals	(15,585,080)	(4,942,555)
	<u>\$ 360,440,652</u>	<u>\$ 282,299,558</u>

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

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

State of Illinois
Illinois State University

Statement of Net Position - Local Funds
For the Year Ended June 30, 2021

	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	Subtotal
Assets								
Current Assets:								
Cash and cash equivalents	\$ 411,315	\$ 1,731,524	\$ 1,740,449	\$ 10,497,493	\$ 587,958	\$ 478,342	\$ 141,802,437	\$ 157,249,518
Cash and cash equivalents - restricted	-	-	-	-	-	-	9,924	9,924
Accrued interest receivable	-	-	-	-	-	-	-	-
Accounts receivable, net	-	441,989	161,845	1,132,151	-	12,536	7,053,702	8,802,223
Appropriations receivable from State	-	-	-	-	-	-	56,867	56,867
Inventories	-	318,299	65,867	180,337	-	-	268,984	833,487
Prepaid expenses and deposits	33,049	48,902	900	131,229	2,350	9,520	2,846,224	3,072,174
Total current assets	<u>444,364</u>	<u>2,540,714</u>	<u>1,969,061</u>	<u>11,941,210</u>	<u>590,308</u>	<u>500,398</u>	<u>152,038,138</u>	<u>170,024,193</u>
Noncurrent Assets:								
Investments	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	15,781	15,781
Capital assets, net	70,590	706,690	3,690,997	3,624,651	2,087	-	190,409,071	198,504,086
Other noncurrent assets	-	-	-	-	-	-	5,481,015	5,481,015
Total noncurrent assets	<u>70,590</u>	<u>706,690</u>	<u>3,690,997</u>	<u>3,624,651</u>	<u>2,087</u>	<u>-</u>	<u>195,905,867</u>	<u>204,000,882</u>
Deferred outflows of resources								
Loss on refunding	-	-	-	-	-	-	176,154	176,154
OPEB	-	-	-	-	-	-	3,262,347	3,262,347
Pension	-	-	-	-	-	-	707,495	707,495
Total deferred outflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,145,996</u>	<u>4,145,996</u>
Total assets and deferred outflows of resources	<u>514,954</u>	<u>3,247,404</u>	<u>5,660,058</u>	<u>15,565,861</u>	<u>592,395</u>	<u>500,398</u>	<u>352,090,001</u>	<u>378,171,071</u>
Liabilities								
Current Liabilities:								
Accounts payable and accrued liabilities	8,391	250,030	75,851	2,373,077	19,807	12,485	4,637,460	7,377,101
Assets held in custody for others and deposits	-	4,040	-	224,462	-	-	-	228,502
Unearned revenue	-	203,062	20,063	1,437,054	-	106,769	7,941,085	9,708,033
Accrued compensated absences	39	13,333	4,978	116,484	736	1,033	1,119,593	1,256,196
OPEB liability	-	-	-	-	-	-	559,586	559,586
Certificates of participation	-	-	-	-	-	-	3,470,308	3,470,308
Total current liabilities	<u>8,430</u>	<u>470,465</u>	<u>100,892</u>	<u>4,151,077</u>	<u>20,543</u>	<u>120,287</u>	<u>17,728,032</u>	<u>22,599,726</u>
Noncurrent Liabilities:								
Accrued compensated absences	303	105,084	39,232	918,073	5,803	8,145	11,999,870	13,076,510
OPEB liability	-	-	-	-	-	-	23,957,964	23,957,964
Certificates of participation	-	-	-	-	-	-	33,081,115	33,081,115
Total noncurrent liabilities	<u>303</u>	<u>105,084</u>	<u>39,232</u>	<u>918,073</u>	<u>5,803</u>	<u>8,145</u>	<u>69,038,949</u>	<u>70,115,589</u>
Deferred gain on refunding	-	-	-	-	-	-	31,609	31,609
Deferred inflows of resources - OPEB	-	-	-	-	-	-	6,027,313	6,027,313
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,058,922</u>	<u>6,058,922</u>
Total liabilities and deferred inflows of resources	<u>8,733</u>	<u>575,549</u>	<u>140,124</u>	<u>5,069,150</u>	<u>26,346</u>	<u>128,432</u>	<u>92,825,903</u>	<u>98,774,237</u>
Net Position								
Net investment in capital assets	70,590	706,690	3,690,997	3,624,651	2,087	-	153,867,572	161,962,587
Unrestricted	435,631	1,965,165	1,828,937	6,872,060	563,962	371,966	105,396,526	117,434,247
Total net position	<u>\$ 506,221</u>	<u>\$ 2,671,855</u>	<u>\$ 5,519,934</u>	<u>\$ 10,496,711</u>	<u>\$ 566,049</u>	<u>\$ 371,966</u>	<u>\$ 259,264,098</u>	<u>\$ 279,396,834</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

State of Illinois
Illinois State University

Statement of Revenues, Expenses and Changes in Net Position - Local Funds
For the Year Ended June 30, 2021

	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
Operating revenues								
Student tuition and fees, net	\$ -	\$ -	\$ -	\$ 32,446,005	\$ -	\$ (476)	\$ 183,941,250	\$ 216,386,779
Sales and services of educational activities	-	11,286	2,521,312	-	8,075	-	-	2,540,673
Other operating revenues	1,822,842	5,594,627	38,550	3,849,521	122,998	193,533	3,631,287	15,253,358
Total operating revenues	<u>1,822,842</u>	<u>5,605,913</u>	<u>2,559,862</u>	<u>36,295,526</u>	<u>131,073</u>	<u>193,057</u>	<u>187,572,537</u>	<u>234,180,810</u>
Operating expenses								
Educational and general								
Instruction	-	34,008	2,283,586	644,386	-	609,485	170,227,207	173,798,672
Research	2,624,662	34	82,407	-	656,877	-	6,148,187	9,512,167
Public service	-	6,453,755	746,113	1,631	-	-	5,058,707	12,260,206
Academic support	56,649	12,664	143,968	-	-	-	31,683,337	31,896,618
Student services	-	21,559	37,637	48,773,839	-	-	14,131,595	62,964,630
Institutional support	7,124	17,573	-	-	-	-	46,344,924	46,369,621
Operation and maintenance of plant	-	202,276	(11,313)	26,464	225	-	39,373,480	39,591,132
Depreciation	103,516	44,981	237,368	372,386	2,119	-	14,903,818	15,664,188
Student aid	2,525	13,827	8,584	728,331	-	-	32,478,320	33,231,587
Total operating expenses	<u>2,794,476</u>	<u>6,800,677</u>	<u>3,528,350</u>	<u>50,547,037</u>	<u>659,221</u>	<u>609,485</u>	<u>360,349,575</u>	<u>425,288,821</u>
Operating income (loss)	<u>(971,634)</u>	<u>(1,194,764)</u>	<u>(968,488)</u>	<u>(14,251,511)</u>	<u>(528,148)</u>	<u>(416,428)</u>	<u>(172,777,038)</u>	<u>(191,108,011)</u>
Nonoperating revenues (expenses)								
Payments on behalf of the University - State	5,581	259,325	75,790	2,793,913	17,639	35,219	32,457,689	35,645,156
Special funding situation - Pension and OPEB	20,833	971,415	276,597	9,839,211	61,495	127,039	118,679,733	129,976,323
Payments on behalf of the University - Foundation	-	-	-	-	-	-	2,155,849	2,155,849
Laboratory schools	-	-	-	-	557,469	-	-	557,469
Gifts and donations	-	-	-	-	600	-	3,115,498	3,116,098
Investment income, net of investment expenses	1,903	(61,015)	-	(111,207)	478	1,114	1,049,220	880,493
Interest expense	-	-	-	-	-	-	(1,371,271)	(1,371,271)
Other nonoperating revenues	-	53,946	389,964	979,381	100	-	25,613,985	27,037,376
Net nonoperating revenues	<u>28,317</u>	<u>1,223,671</u>	<u>742,351</u>	<u>13,501,298</u>	<u>637,781</u>	<u>163,372</u>	<u>181,700,703</u>	<u>197,997,493</u>
Income (loss) before capital items	<u>(943,317)</u>	<u>28,907</u>	<u>(226,137)</u>	<u>(750,213)</u>	<u>109,633</u>	<u>(253,056)</u>	<u>8,923,665</u>	<u>6,889,482</u>
Capital appropriations	-	-	-	-	-	-	2,512,571	2,512,571
Capital grants and gifts	-	-	-	-	-	-	784,103	784,103
Total capital items	-	-	-	-	-	-	<u>3,296,674</u>	<u>3,296,674</u>
Increase (decrease) in net position	<u>(943,317)</u>	<u>28,907</u>	<u>(226,137)</u>	<u>(750,213)</u>	<u>109,633</u>	<u>(253,056)</u>	<u>12,220,339</u>	<u>10,186,156</u>
Net position								
Net position - beginning of year	1,449,538	2,642,948	5,746,071	11,246,924	456,416	625,022	242,425,288	264,592,207
Prior period adjustment	-	-	-	-	-	-	4,618,471	4,618,471
Adjusted beginning of year net position	-	-	-	-	-	-	<u>247,043,759</u>	<u>269,210,678</u>
Net position - end of year	<u>\$ 506,221</u>	<u>\$ 2,671,855</u>	<u>\$ 5,519,934</u>	<u>\$ 10,496,711</u>	<u>\$ 566,049</u>	<u>\$ 371,966</u>	<u>\$ 259,264,098</u>	<u>\$ 279,396,834</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Statement of Net Position - Service Departments
For the Year Ended June 30, 2021**

	<u>Service Departments</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 2,607,718
Accounts receivable, net	240,959
Inventories	1,537,635
Prepaid expenses and deposits	<u>1,031,745</u>
Total current assets	<u>5,418,057</u>
Noncurrent Assets:	
Capital assets, net	<u>983,524</u>
Total assets	<u>6,401,581</u>
Liabilities	
Current Liabilities:	
Accounts payable and accrued liabilities	880,491
Unearned revenue	123,081
Accrued compensated absences	<u>71,204</u>
Total current liabilities	<u>1,074,776</u>
Noncurrent Liabilities:	
Accrued compensated absences	<u>795,925</u>
Total liabilities	<u>1,870,701</u>
Net Position	
Net investment in capital assets	983,524
Unrestricted	<u>3,547,356</u>
Total net position	<u>\$ 4,530,880</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Statement of Revenues, Expenses and Changes in Net Position -
Service Departments
For the Year Ended June 30, 2021**

	Service Departments
Operating revenues	
Other operating revenues	<u>\$ 19,350,333</u>
Operating expenses	
Educational and general:	
Instruction	335,340
Institutional support	8,534,283
Operation and maintenance of plant	21,607,435
Depreciation	<u>470,852</u>
Total operating expenses	<u>30,947,910</u>
Operating loss	<u>(11,597,577)</u>
Nonoperating revenues	
Payments on behalf of the University - State	1,940,769
Special funding situation - Pension and OPEB	6,914,507
Investment income, net of investment expenses	571,972
Other nonoperating revenues	<u>26,553</u>
Decrease in net position	<u>(2,143,776)</u>
Net position	
Beginning of year	<u>6,674,656</u>
End of year	<u>\$ 4,530,880</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

State of Illinois
Illinois State University

Statement of Net Position - Auxiliary Facilities
For the Year Ended June 30, 2021

	Housing	Student Activities	Parking	Auxiliary Facilities Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 38,822,988	\$ 18,006,577	\$ 6,731,645	\$ 63,561,210
Investments	35,650,061	4,602,538	-	40,252,599
Accrued interest receivable	444,022	18,298	-	462,320
Accounts receivable, net	3,835,860	440,375	66,015	4,342,250
Inventories	176,115	59,235	-	235,350
Prepaid expenses and deposits	90,589	14,369	7,189	112,147
Deferred charges and obligations	31,049	12,697	2,361	46,107
Total current assets	<u>79,050,684</u>	<u>23,154,089</u>	<u>6,807,210</u>	<u>109,011,983</u>
Noncurrent Assets:				
Investments	56,571,900	-	-	56,571,900
Bond issuance costs	410,877	133,738	20,662	565,277
Capital assets, net	189,877,217	109,567,552	21,515,363	320,960,132
Total noncurrent assets	<u>246,859,994</u>	<u>109,701,290</u>	<u>21,536,025</u>	<u>378,097,309</u>
Deferred Outflow - Loss on Refunding	274,420	195,175	53,134	522,729
Total assets	<u>326,185,098</u>	<u>133,050,554</u>	<u>28,396,369</u>	<u>487,632,021</u>
Liabilities				
Current Liabilities:				
Accounts payable and accrued liabilities	2,363,518	1,657,731	66,626	4,087,875
Assets held in custody for others and deposits	715,269	7,950	-	723,219
Unearned revenue	63,188	617,333	61,424	741,945
Accrued compensated absences	65,731	23,701	6,450	95,882
Revenue bonds payable	4,547,815	3,380,825	425,175	8,353,815
Total current liabilities	<u>7,755,521</u>	<u>5,687,540</u>	<u>559,675</u>	<u>14,002,736</u>
Noncurrent Liabilities:				
Accrued compensated absences	1,143,502	412,297	112,216	1,668,015
Revenue bonds payable	84,742,219	43,415,266	3,149,102	131,306,587
Total noncurrent liabilities	<u>85,885,721</u>	<u>43,827,563</u>	<u>3,261,318</u>	<u>132,974,602</u>
Total liabilities	<u>93,641,242</u>	<u>49,515,103</u>	<u>3,820,993</u>	<u>146,977,338</u>
Net Position				
Net investment in capital assets	100,676,075	69,737,618	17,941,086	188,354,779
Restricted	131,867,781	13,797,833	6,634,290	152,299,904
Total net position	<u>\$ 232,543,856</u>	<u>\$ 83,535,451</u>	<u>\$ 24,575,376</u>	<u>\$ 340,654,683</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

State of Illinois
Illinois State University

Statement of Revenues, Expenses and Changes in Net Position -
Auxiliary Facilities
For the Year Ended June 30, 2021

	Housing	Student Activities	Parking	Auxiliary Facilities Total
Operating Revenues				
Auxiliary facilities	\$ 53,985,840	\$ 21,460,025	\$ 2,186,100	\$ 77,631,965
Total operating revenues	<u>53,985,840</u>	<u>21,460,025</u>	<u>2,186,100</u>	<u>77,631,965</u>
Operating Expenses				
Depreciation	6,293,353	3,938,932	631,177	10,863,462
Auxiliary facilities:				
Student housing, activity, facilities, and parking	57,576,649	13,934,043	2,439,498	73,950,190
Total operating expenses	<u>63,870,002</u>	<u>17,872,975</u>	<u>3,070,675</u>	<u>84,813,652</u>
Operating income (loss)	<u>(9,884,162)</u>	<u>3,587,050</u>	<u>(884,575)</u>	<u>(7,181,687)</u>
Nonoperating Revenues (Expenses)				
Payments on behalf of the University - State	2,323,140	442,619	151,209	2,916,968
Special funding situation - Pension and OPEB	8,368,771	1,630,030	536,388	10,535,189
Investment loss, net of investment expenses	(625,411)	(385,973)	(167,179)	(1,178,563)
Interest expense	(2,956,107)	(1,764,574)	(128,917)	(4,849,598)
Other nonoperating income	213,036	18,960	-	231,996
Net nonoperating income (expenses)	<u>7,323,429</u>	<u>(58,938)</u>	<u>391,501</u>	<u>7,655,992</u>
Increase (decrease) in net position	<u>(2,560,733)</u>	<u>3,528,112</u>	<u>(493,074)</u>	<u>474,305</u>
Net Position				
Beginning of year	<u>235,104,589</u>	<u>80,007,339</u>	<u>25,068,450</u>	<u>340,180,378</u>
End of year	<u>\$ 232,543,856</u>	<u>\$ 83,535,451</u>	<u>\$ 24,575,376</u>	<u>\$ 340,654,683</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Analysis of Operations
For the Year Ended June 30, 2021**

Functions

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.

	Fiscal Year	
	2021	2020
Total Headcount Enrollment		
Undergraduate		
Freshmen	2,962	3,440
Sophomores	3,776	3,603
Juniors	4,722	4,449
Seniors	5,236	5,460
Unclassified	24	44
Total Undergraduate	<u>16,720</u>	<u>16,996</u>
Graduate		
Masters	1,852	1,891
Certificate	95	94
Doctoral	466	432
Non-Degree Seeking Graduate	85	119
Total Graduate	<u>2,498</u>	<u>2,536</u>
Total Headcount Enrollment	<u>19,218</u>	<u>19,532</u>
Percentage of Full-Time Students	94.84%	94.22%
	Fiscal Year	
	2021	2020
Degrees Conferred		
Undergraduate	4,420	4,512
Graduate	1,151	1,012

*Headcount enrollment is being reported using Spring Term data for the fiscal years presented.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Analysis of Operations (Continued)
For the Year Ended June 30, 2021**

Planning

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 State of Illinois, Board of Higher Education. The *Mission Statements* include:

1. the *Illinois State University Mission Statement*;
2. *Board of Trustees Statement of Goals for 2021*; and,
3. *College Mission Statements*.

The *Academic Plan* includes:

1. an identification of institutional priorities;
2. the University's strategic plan, *Educate·Connect·Elevate: Illinois State – The Strategic Plan for Illinois' First Public University 2020-2025*; 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 2020 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 2020, program reviews were completed on the following programs: M.C.E and M.S.C.E in Chemistry, B.A., B.S., B.S.ED. in Business Education, M.S. and M.S.ED. in Educational Administration, PH.D., ED.D. in Educational Administration, B.S.ED. in Special Education, ED.D. in Special Education, B.S., B.S.ED in Early Childhood Education, B.S., B.S.ED. in Elementary Education, B.S., B.S.ED. in Middle Level Education, M.S.ED. in Reading, M.S. in Teaching and Learning, ED.D. in Teaching and Learning, B.M.E. in Music, M.M.ED. in Music, Radio Station WGLT, and the Mary and Jean Borg Center for Reading and Literacy.

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: *Educate·Connect·Elevate: Illinois State – The Strategic Plan for Illinois' First Public University 2020-2025*.

Educate·Connect·Elevate is the University's multi-year strategic plan. It has articulated seven core values (learning and scholarship, individualized attention, diversity and inclusion, integrity, civic engagement, respect, and collaboration) that support four goals and thirteen corresponding action items addressed by the campus community.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Analysis of Operations (Continued)
For the Year Ended June 30, 2021**

Planning (Continued)

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.

Significant Challenges

The University noted no significant challenges for disclosure for Fiscal Year 2021.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Number of Employees
For the Years Ended June 30, 2021 and 2020**

AVERAGE FULL-TIME EMPLOYEES	2021	2020
Instruction	1,426	1,491
Research	182	198
Public Service	91	95
Academic Support	157	174
Student Services	386	397
Institutional Support	338	381
Operation and Maintenance of Plant	348	263
Auxiliary Facilities	476	498
Total Full-Time Equivalent Employees	<u>3,404</u>	<u>3,497</u>

Note 1: This schedule presents the average number of employees, by function, at the University.

Note 2: Full-time equivalents were prepared in accordance with the State of Illinois, Board of Higher Education's methodology where (1) each employee with a full-time contract is counted as a full-time equivalent and (2) each part-time employee is multiplied by the number of months worked and then divided by 12 to derive their full-time equivalency.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Number of Employees
For the Years Ended June 30, 2021 and 2020**

AVERAGE FULL-TIME EMPLOYEES	2021	2020
By Type		
Faculty/Administrative	1,842	1,888
Civil Service	1,201	1,217
Student Employees	323	349
Miscellaneous Contracts	38	43
Total Full-Time Equivalent Employees	<u>3,404</u>	<u>3,497</u>

Note 1: This schedule presents the average number of employees, by type, at the University.

Note 2: The Miscellaneous Contracts category includes extra help staff.

Note 3: Full-time equivalents were prepared in accordance with the State of Illinois, Board of Higher Education's methodology where (1) each employee with a full-time contract is counted as a full-time equivalent and (2) each part-time employee is multiplied by the number of months worked and then divided by 12 to derive their full-time equivalency.

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**State of Illinois
Illinois State University**

**Cost Statistics
For the Year Ended June 30, 2021**

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

	<u>2021</u>	<u>2020</u>
<u>Appropriations Method</u>		
Total Costs	\$ 69,619,300	\$ 69,619,300
Full-Time Equivalent Students	<u>18,226</u>	<u>18,403</u>
Cost Per Full-Time Equivalent Student	<u>\$ 3,820</u>	<u>\$ 3,783</u>
<u>Instructional Expenses Method</u>		
Total Costs	\$ 212,819,776	\$ 171,157,884
Full-Time Equivalent Students	<u>18,226</u>	<u>18,403</u>
Cost Per Full-Time Equivalent Student	<u>\$ 11,677</u>	<u>\$ 9,301</u>

Note 1: The total cost for the appropriations method is calculated by taking (1) the total State appropriated costs for all credit hours and instructional operating costs (except costs related to the College of Medicine and College of Dentistry), (2) less costs for public service, organized research, student financial aid, independent operations, auxiliary enterprises, hospitals, appropriations for the State Universities Retirement System, and appropriations for workers' compensation, allocated by campus.

Note 2: The total cost for the instructional expenses method is total operating expenses related to instruction from the University's Statement of Revenues, Expenses, and Changes in Net Position, allocated by campus.

Note 3: Full-time equivalent students is calculated by taking (1) the total undergraduate student hours divided by 30 and adding (2) the total graduate and professional student hours divided by 24.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Disclosure of Emergency Purchases
For the Year Ended June 30, 2021**

The University had three emergency purchases during Fiscal Year 2021.

Immediate Repairs Need to Protect Against Loss or Further Destruction of Property

Redbird Arena

The University experienced extreme flooding conditions and the University hired Hanson Professional Services, Inc. to perform interim measures to prevent further flooding. The University ultimately paid its vendor \$29,990.

Threat to Public Health or Safety

Overflow Housing

Due to the COVID-19 Pandemic, the University needed to obtain temporary overflow housing and meals for students required to quarantine after identification as a close contact. Individual sleeping rooms were provided for each student to be used as quarantine space for 14 days. Meals were provided based upon individual and University need. The University ultimately paid its vendor, Snyder Brickyard Hotel LLC, \$347,627 to secure quarantine housing for students.

Classroom Occupancy

Due to the COVID-19 Pandemic, the University needed to survey and evaluate classrooms to confirm layouts meet CDC and IDPH safety protocols for occupancy. The University ultimately paid its vendor, SmithGroup, \$306,634 to provide data and drawings of classrooms that meet the safety protocols.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Housing Benefits
For the Year Ended June 30, 2021**

Qualified Campus Lodging

The University provides a residence for the University President located at 1000 Gregory Street in Normal, Illinois, in which the University President maintains their official residence. All utilities, maintenance, and repairs on the house are paid for by the University.

The Internal Revenue Service (IRS) ruled the value of the University Residence provided to the President should be part of the President's eligible compensation and subject to income and payroll taxes. The ruling was based upon failing to meet the 'convenience of employer' and located on the business premises of the employer test. Although the University Residence is located on the University's campus, the revenue agent stated there did not appear to be a significant relationship to the University's business activities. In *Winchell v. United States* (564 F. Supp. 131) the court indicated the president conducted "only limited college business in his home, such as sometimes using his home office and telephone for work purposes, meeting with students or faculty, and hosting certain social events," and this was not sufficient business activity to meet the test. As a result, a portion of the residence was deemed public space while the remaining portion was deemed private and subject to reporting as compensation, taxable fringe benefit. The reported amount in Calendar Year 2020 was \$31,831.28.

Lodging Provided for the Convenience of the Employer

The University provides housing for the following University Housing personnel:

- (4) Area Coordinators
 - (2) Residential Case Managers
 - (11) Residence Hall Coordinators
 - (4) Service Area Coordinators
- 21 total staff members*

*total staff members may fluctuate

The University, as a condition of employment with each of these individuals, provides a small apartment within the dormitory so they can immediately respond to emergencies occurring during the term.

All maintenance, repairs, and utilities are paid for by the University. A security deposit of \$250 is required of staff members housing a pet. The University has deemed this housing as a fringe benefit excluded from taxable income.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Housing Benefits (Continued)
For the Year Ended June 30, 2021**

Other Lodging

The Illinois Shakespeare Festival

- **Security Deposits**
 - Previously deducted and refunded through ISU Payroll. These are handled directly between the employees and the rental company beginning in 2020.
- **Housing Fee**
 - Applies to members of the company who elect to stay in ISF housing. Does not include AEA Members, high-level directors/designers, or interns.
 - Deducted by ISU Payroll.
- **Fair Market Value Taxes**
 - Assessed by ISU Payroll
 - Applies to members of the company as determined by ISU Payroll based upon the Tax Home Statement and supporting documentation submitted.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Analysis of Overtime and Compensatory Time
For the Years Ended June 30, 2021 and 2020**

Operational Function	<u>2021</u>	<u>2020</u>
Instruction		
Overtime Hours Paid	1,004	1,788
Compensatory Hours Granted	899	1,181
Total	<u>1,903</u>	<u>2,969</u>
Value of Overtime Hours Paid	\$ 31,221	\$ 60,199
Value of Compensatory Hours Granted	17,924	23,349
Total Costs	<u>\$ 49,145</u>	<u>\$ 83,548</u>
Research		
Overtime Hours Paid	569	1,245
Compensatory Hours Granted	-	-
Total	<u>569</u>	<u>1,245</u>
Value of Overtime Hours Paid	\$ 15,640	\$ 32,152
Value of Compensatory Hours Granted	-	-
Total Costs	<u>\$ 15,640</u>	<u>\$ 32,152</u>
Public Service		
Overtime Hours Paid	510	802
Compensatory Hours Granted	30	56
Total	<u>540</u>	<u>858</u>
Value of Overtime Hours Paid	\$ 26,026	\$ 37,271
Value of Compensatory Hours Granted	610	1,173
Total Costs	<u>\$ 26,636</u>	<u>\$ 38,444</u>
Academic Support		
Overtime Hours Paid	120	477
Compensatory Hours Granted	8	60
Total	<u>128</u>	<u>537</u>
Value of Overtime Hours Paid	\$ 4,610	\$ 13,530
Value of Compensatory Hours Granted	147	1,238
Total Costs	<u>\$ 4,757</u>	<u>\$ 14,768</u>
Student Services		
Overtime Hours Paid	1,119	668
Compensatory Hours Granted	170	193
Total	<u>1,289</u>	<u>861</u>
Value of Overtime Hours Paid	\$ 47,742	\$ 20,580
Value of Compensatory Hours Granted	4,796	5,143
Total Costs	<u>\$ 52,538</u>	<u>\$ 25,723</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Analysis of Overtime and Compensatory Time (Continued)
For the Years Ended June 30, 2021 and 2020**

Operational Function	<u>2021</u>	<u>2020</u>
Institutional Support		
Overtime Hours Paid	1,540	1,687
Compensatory Hours Granted	344	451
Total	<u>1,884</u>	<u>2,138</u>
Value of Overtime Hours Paid	\$ 53,053	\$ 53,967
Value of Compensatory Hours Granted	8,564	9,918
Total Costs	<u>\$ 61,617</u>	<u>\$ 63,885</u>
Operation and Maintenance of Plant		
Overtime Hours Paid	46,263	22,537
Compensatory Hours Granted	4,239	4,521
Total	<u>50,502</u>	<u>27,058</u>
Value of Overtime Hours Paid	\$ 1,757,620	\$ 1,030,254
Value of Compensatory Hours Granted	144,403	147,825
Total Costs	<u>\$ 1,902,023</u>	<u>\$ 1,178,079</u>
Student Housing, Auxiliary Facilities, and Parking		
Overtime Hours Paid	13,098	17,412
Compensatory Hours Granted	3,070	3,600
Total	<u>16,168</u>	<u>21,012</u>
Value of Overtime Hours Paid	\$ 326,727	\$ 425,387
Value of Compensatory Hours Granted	52,009	58,948
Total Costs	<u>\$ 378,736</u>	<u>\$ 484,335</u>
Grand Total - Entire University		
Overtime Hours Paid	64,223	46,616
Compensatory Hours Granted	8,760	10,062
Total	<u>72,983</u>	<u>56,678</u>
Value of Overtime Hours Paid	\$ 2,262,639	\$ 1,673,340
Value of Compensatory Hours Granted	228,453	247,594
Total Costs	<u>\$ 2,491,092</u>	<u>\$ 1,920,934</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Assaults on Staff
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Operational Unit		
Police Department	3	2
Other Faculty and Staff	<u>2</u>	<u>-</u>
Total	<u><u>5</u></u>	<u><u>2</u></u>

Note 1: Other Faculty and Staff includes all University employees that are not within the Police Department.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Major Construction Projects
For the Year Ended June 30, 2021**

Bone Student Center Revitalization

The University Continued progress on the approximately \$32.9 million revitalization project of the Bone Student Center. Since the facility was constructed in 1973, only minor upgrades had been completed. As the facility that serves as the gateway for many campus visitors, including prospective students and their families, revitalization of the Bone Student Center is important to enhancing the appearance of the campus as well as enhancing services for students, faculty, staff and others. The project began in October 2013 and is currently expected to be finished in October 2021.

Bone Student Center Concourse Improvements

The University continued progress on the approximately \$7.6 million revitalization project of the Bone Student Center. Since the facility was constructed in 1973, only minor upgrades had been completed. As the facility that serves as the gateway for many campus visitors, including prospective students and their families, revitalization of the Bone Student Center is important to enhancing the appearance of the campus as well as enhancing services for students, faculty, staff, and others. The project began in July 2018 and was finished in August 2021.

Mennonite College of Nursing Simulation Lab

The University began an approximately \$18 million construction project on the Mennonite College of Nursing Simulation Lab. Mennonite College of Nursing opened a 9,750 gross foot modular simulation building in 2011 to meet a portion of the clinical laboratory needs of the College. The new simulation lab will better serve current nursing students and provide for growth in enrollment. The project began in June 2021. An estimated completion date for the project is to be determined.

Milner Library First Floor Renovation

The University began an approximately \$7 million construction project on the first floor of the Milner Library building. These renovations are necessary for the temporary accommodations for the College of Fine Arts during the construction of the Wonsook Kim College of Fine Arts Complex. The first floor of the Milner Library building will provide temporary classroom and office space for the duration of construction of the Wonsook Kim College of Fine Arts Complex. The project began in June 2021 and is currently expected to be finished in June 2022.

Wonsook Kim College of Fine Arts Complex

The University began an approximately \$69.4 million construction project on the Wonsook Kim College of Fine Arts Complex. The Capital Development Board (CDB) is funding the upgrade for the Complex with capital appropriations. This will include the demolition of the existing Centennial West Building, minor renovations of the Center for Visual Arts Building, new space additions to the Center for Performing Arts and the Center for Visual Arts Buildings, and the construction of a new "Commons" replacement building on the site of the current Centennial West Building. The project originally began in December 2013 but was put on hold until January 2020 and is currently expected to be finished in August 2025.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Disclosure of Emergency Purchases Under the Gubernatorial COVID-19 Disaster Proclamations
For the Year Ended June 30, 2021**

The Governor, in response to the COVID-19 pandemic, issued sequential Gubernatorial Disaster Proclamations from March 12, 2020, through June 30, 2020. These proclamations allowed the University to waive the requirements of the Illinois Procurement Code to the extent the requirement (1) would have, in any way, prevented, hindered, or delayed necessary action to cope with the COVID-19 pandemic and (2) was not required by federal law. The following procurement was processed under this waiver granted by the Governor.

Fiscal Year 2021

The University did not have any Emergency Purchases under the Gubernatorial COVID-19 Disaster Proclamations during the year ended June 30, 2021.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Special Data Requirements for University Audits
For the Years Ended June 30, 2021 and 2020**

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, 2021, 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 University for the year ended June 30, 2021.

Indirect Cost Reimbursements

- 13(b) A statement of the sources and application of indirect cost recoveries is presented within this report on page 46.
- 13(c) The University's calculation sheet for indirect cost carryforward and any required remittance to the University's Income Fund is presented within this report on page 88.

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 University for the year ended June 30, 2021.

Auxiliary Facilities, 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 within this report on pages 47-48.
- 13(f) The present financial statements for each accounting entity are presented within this report on 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, 2021.
- 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 within this report on pages 80-87.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Special Data Requirements for University Audits (Continued)
For the Years Ended June 30, 2021 and 2020**

Auxiliary Facilities, Activities, and Accounting Entities (Continued)

- 13(h) Support received by auxiliary enterprises from State appropriated funds for retirement and group insurance benefits is disclosed in the financial audit report in the Schedule of Operating Expenses on page 84.
- 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 in Note 23 on pages 73-75.
- Further, the present financial statements for Housing, Student Activities, and Parking entities are presented within this report on pages 54-55. A description of the Housing, Student Activities, and Parking entities' sources of revenues and purpose are presented within this report on pages 47-48.
- 13(j) There were no violations of the bond covenants identified during the financial audit and compliance examination of the University for the year ended June 30, 2021.
- 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 two UROs, the Illinois State University Foundation and INTO ISU. The University does not have any "Independent Organizations" under Section VII of the University Guidelines.
- 13(m) A summary of Illinois State University Foundation and INTO ISU payments to the University for services provided by the University is presented within this report on pages 73-77.
- 13(n) A summary of University payments to the Illinois State University Foundation and INTO ISU for services provided by the Illinois State University Foundation is presented within this report on pages 73-77.
- 13(o) A disclosure of the cumulative amount of unreimbursed subsidies to the Illinois State University Foundation is presented within this report on page 73.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Special Data Requirements for University Audits (Continued)
For the Years Ended June 30, 2021 and 2020**

University Related Organizations (UROs) (Continued)

- 13(p) A disclosure and description of debt financed by the Illinois State University Foundation and INTO ISU, along with other University long-term liabilities, is disclosed within the financial audit report in Note 10 on pages 44-50.

Other Topics

- 13(q) The University's cash and cash equivalents are disclosed within the financial audit report in Note 2 on page 37. The University's investments are disclosed within the financial audit report in Note 3 on pages 37-40.
- 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 on page 61.
- 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 in Note 10 on pages 44-50.

Other Schedules for Universities

- 13(1) An analysis of State appropriations to the University is presented within this report on pages 38-40. In addition, the University's analysis of significant variations in expenditures and significant spending during the Lapse Period is presented within this report on pages 41-42.
- 13(2) A Comparative Schedule of Revenues and Expenses for the University's Income Fund is presented within this report on page 49.
- 13(3) Separate schedules of tuition and fee waivers for undergraduate and graduate students, respectively, are presented within this report on pages 78-79.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Summary of Foundation Transactions with the University
For the Years Ended June 30, 2021 and 2020**

The University recognizes Illinois State University Foundation as a University-Related Organization as defined in the University Guidelines. The Foundation was formed to support in various ways the University's instructional, research and public service missions.

Effective July 1, 2018, the Foundation renewed the Support Agreement, for an additional one year, with the University Board of Trustees (acting for and on behalf of the University) whereby the University agrees to provide to the Foundation fair and reasonable compensation in exchange for development and fundraising services up to a maximum value. The maximum value under the agreement was \$2,760,000 for the years ended June 30, 2021 and 2020. The University contributed services and expenditures in the form of personnel, office space, office equipment, computer support and communication services estimated at \$2,577,624 and \$2,539,487 during fiscal years 2021 and 2020, 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 2021 and 2020.

During fiscal years 2021 and 2020, the Foundation contributed services and expenditures of \$14,637,138 and \$12,697,314, respectively, that were for the direct and/or indirect support of the University. These amounts included \$7,183,079 and \$3,378,514, respectively, in student aid, scholarships, and awards to the University. These amounts were applied directly to the students' University accounts. During these years, the direct and/or indirect support of the University, as well as the scholarships provided by the Foundation, exceeded the value provided by the University under the agreement.

As of June 30, 2021 and 2020, the Foundation had payables to the University of \$1,189,799 and \$200,895, respectively. In addition, at June 30, 2021 and 2020, the Foundation had no receivables from the University.

In fiscal year 2009, Launching Futures, LLC acquired real estate for approximately \$6.3 million that was being leased by the University from an outside party. Once the sales contract was signed, the University continued to lease the property from the seller until the initial closing. The acquired real estate serves as the University's Alumni Center. To assist with construction improvement costs, the University made a \$3 million prepaid rent payment in July 2008. Launching Futures, LLC leases the property to the University at \$19,167 per month. Also, the University and Foundation are amortizing the \$3 million prepaid rent over a ten-year period at \$300,000 per year. The prepaid rent was fully amortized as of June 30, 2018.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Summary of Foundation Transactions with the University (Continued)
For the Years Ended June 30, 2021 and 2020**

As of and during the year ended June 30, 2021, the University and Foundation had the following inter-entity transactions:

Illinois State University	Illinois State University Foundation	
	Accounts Payable	Operating Expense
Accounts receivable, net	\$ 1,189,799	\$ -
Prepaid expense	-	525,282
Other operating revenues	-	2,155,849
Other nonoperating revenues*	-	3,988,825
Capital gifts and grants	-	784,103
Total	<u>\$ 1,189,799</u>	<u>\$ 7,454,059</u>

*The University reflects gifts and donations of \$3,115,498. The difference is comprised of software licenses that do not begin until fiscal year 2022 and gifts that are recognized by the University and will be recognized by the Foundation for the year ending June 30, 2022.

As of and during the year ended June 30, 2020, the University and Foundation had the following inter-entity transactions:

Illinois State University	Illinois State University Foundation	
	Accounts Payable	Operating Expense
Accounts receivable, net	\$ 200,895	\$ -
Other operating revenues	-	576,306
Other nonoperating revenues	-	5,027,860
Capital gifts and grants	-	3,714,634
Total	<u>\$ 200,895</u>	<u>\$ 9,318,800</u>

Note: There was no additional on-behalf support from the Foundation on the University's books for the fair market value of gifts in-kind that were not included on the Foundation's books.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Summary of INTO NA Transactions with the University
For the Years Ended June 30, 2021 and 2020**

The Illinois State University Global, LLC (Global) was established on March 8, 2018. Global is a University Related Organization (URO) as defined under the University Guidelines adopted by the State of Illinois' Legislative Audit Commission in 1982, as amended. Global was formed as a single member LLC of which the University is the sole owner. The University contributed \$25,000 to Global. Based on this financial relationship, Global is blended into the University's financial information (see page 79 for the diagram of the INTO/ISU Corporate structure).

Global exists for the purpose of promoting the development of the Illinois State University's efforts to promote global engagement and internationalization, so that the University can impart the necessary knowledge and skills students will need to effectively engage in the global community and support the University's distinctive excellence in teaching, learning, scholarship, creativity, research, and public service.

Global's June 30, 2018 activity on the Statement of Revenues, Expenses and Changes in Net Position reflected the \$25,000 loss from INTO ISU. Global's initial \$25,000 investment in INTO ISU was reduced to \$0 on its balance sheet at year-end based on its equity investment. There are no other balances at year-end.

On March 22, 2018, Global entered into a joint venture with INTO North America, Inc. (INTO NA) to establish INTO Illinois State University, LLC (INTO ISU). Each member contributed \$25,000 towards the members' capital account, appointed three members to the INTO ISU Board, and holds an equal (50%) equity stake in INTO ISU. The Joint Venture agreement specifically applies the \$50,000 towards partnership equity. INTO ISU is discretely presented on the University's financial statements.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic has impacted virtually all international students and programs. INTO ISU's recurring losses and negative cash flows, including the impact of the COVID-19 pandemic, has raised substantial doubt regarding INTO's ability to continue as a going concern.

In response to this, on August 1, 2020, the University and INTO NA executed amendments to the International Student Center Services Agreement, the IT Services Agreement, the Deferral Letter, the Teaching/Administration Building(s) Facilities License Agreement, and the Promissory Note, reflecting the intent for INTO ISU to cease operations for a period of up to 23 months, effective August 1, 2020 (the "Deferment Term"). During this period, INTO ISU will not receive any revenue, will terminate all employees, will have minimal expenditures, and all parties agree to defer payment on any outstanding payables/loans at an interest rate of 3%, reduced from 6% in the original prior debt/liability instruments. The amendments included the following changes. The University will assume operational control of the INTO Illinois State University programs including Academic English and the undergraduate and graduate Pathway Programs. INTO's online English for Academic Success program will be available for students who elect to participate. INTO will continue to manage the interface with students for admissions and for purposes of collecting revenue for the INTO Illinois State programs. Select INTO ISU staff were transitioned to the University and/or INTO as well as duties that were formerly assigned to INTO ISU staff will be realigned between the parties. At the conclusion of the deferment term, the original Service Agreement terms and conditions will be reinstated.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Summary of INTO NA Transactions with the University (Continued)
For the Years Ended June 30, 2021 and 2020**

INTO ISU is an independent organization and is required to report in a separate column to emphasize that it is an entity legally separate from the University. INTO ISU serves as the primary entity to implement the partnership with INTO NA. INTO ISU is responsible, in partnership with INTO NA and the University, with recruiting international students, offering English language instruction courses that serve as a pathway to University degree programs, and serving our new international students. INTO ISU provides continuous support by managing the areas of the students' cultural experience, English language courses, and eventual matriculation to the University.

INTO NA supports INTO ISU by providing management, marketing, and administrative services to INTO ISU. By partnering with INTO ISU, the University can support the recruitment of the best and brightest international student talent to the University, enhance the diversity of our University community, inspire our students to become global citizens, extend the University's global reach, broaden the University's global brand identity and recognition, provide an economic stimulus for the broader community, and contribute to the growth of the University. INTO NA is a wholly owned subsidiary of INTO University Partnership Limited (IUP), a British limited liability partnership.

As of and during the year ended June 30, 2021, the University and INTO NA had the following inter-entity transactions:

Illinois State University	INTO Illinois State University						
	Accounts Payable	Accounts Receivable	Cost of Instruction	Compensation & Benefits	Rent	Administrative & Service Charges	Other
Accounts receivable, net*	\$ 5,789,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	217,575	-	-	-	-	-
Operating revenues	-	-	37,849	20,624	7,395	18,375	96,640

*The University has other assets of \$5,483,014 for the year ending June 30, 2021. The difference is due to adjustments made by the University that INTO will recognize for the year ending June 30, 2022.

As of and during the year ended June 30, 2020, the University and INTO NA had the following inter-entity transactions:

Illinois State University	INTO Illinois State University						
	Accounts Payable	Accounts Receivable	Cost of Instruction	Compensation & Benefits	Rent	Administrative and Service Charges	Other
Accounts receivable, net*	\$ 2,952,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable**	-	47,065	-	-	-	-	-
Operating revenues	-	-	1,498,364	239,102	278,126	220,500	199,645

*The University has other assets of \$2,960,245 for the year ending June 30, 2020. The difference is due to adjustments made by the University that INTO will recognize for the year ending June 30, 2021.

**The University does not have a payable of \$47,065 for the period ending June 30, 2021. This was paid prior to June 30, 2020 and is an in-transit item between INTO ISU and the University.

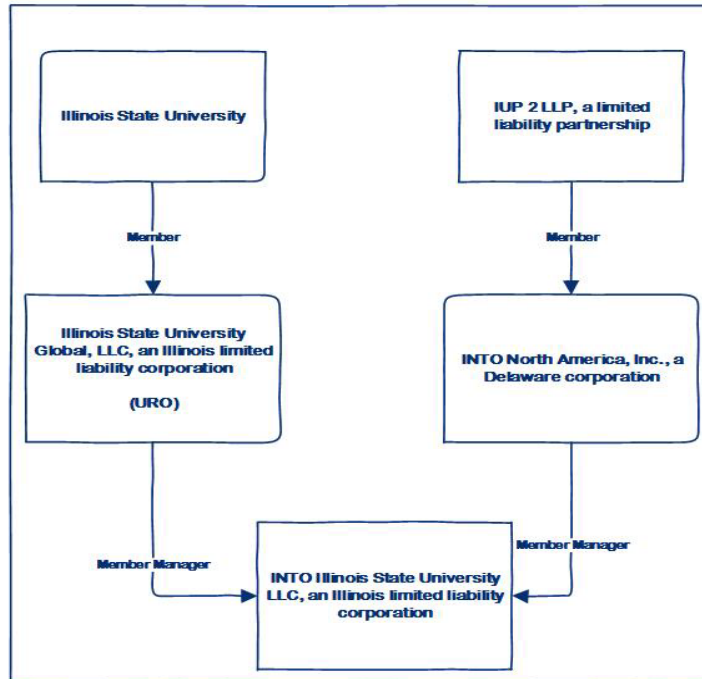
As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Summary of INTO NA Transactions with the University (Continued)
For the Years Ended June 30, 2021 and 2020**

Below is a diagram representing the INTO/ISU Corporate Structure.

INTO/ISU Corporate Structure



As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Undergraduate Tuition and Fee Waivers
For the Year Ended June 30, 2021**

	Total Number of Recipients*	Tuition Waived		Fees Waived	
		Number of Recipients	Value of Waivers (In Thousands of Dollars)	Number of Recipients	Value of Waivers (In Thousands of Dollars)
Mandatory Waivers					
Teacher Special Education	401	401	\$ 4,541.2	401	\$ 1,473.8
Reserve Officers' Training Corps	37	37	360.7	37	12.4
Wards of the Department of Children and Family Services	48	48	469.5	47	89.7
Veterans Grants and Scholarships	339	339	2,820.5	319	225.2
Children of Employees	366	366	1,877.9	-	-
Subtotal*	1,191	1,191	10,069.8	804	1,801.1
Discretionary Waivers					
Faculty/Administrators (Non-Civil Service)	1	1	2.3	1	0.6
Civil Service	68	67	272.1	68	72.0
Children of Deceased Employees	1	1	4.4	1	0.8
Athletic	419	419	3,833.9	-	-
Academic/Other Talent	550	550	1,971.6	68	72.0
Foreign Exchange Students	9	9	58.8	-	-
Student Need-Financial Aid	94	94	340.0	-	-
Cooperating Professionals	2	2	3.6	-	-
Graduate Assistants	8	8	57.9	-	-
Retired University Employees	1	1	1.2	1	0.3
Subtotal*	1,153	1,152	6,545.8	139	145.7
Total *	2,344	2,343	\$ 16,615.6	943	\$ 1,946.8

*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.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**State of Illinois
Illinois State University**

**Graduate Tuition and Fee Waivers
For the Year Ended June 30, 2021**

	Total Number of Recipients*	Tuition Waived		Fees Waived	
		(In Thousands of Dollars)		(In Thousands of Dollars)	
		Number of Recipients	Value of Waivers	Number of Recipients	Value of Waivers
Mandatory Waivers					
Teacher Special Education	21	20	\$ 119.4	21	\$ 42.9
Reserve Officers' Training Corps	1	1	3.6	1	-
Wards of the Department of Children and Family Services	1	1	8.5	1	2.8
Veterans Grants and Scholarships	19	18	81.3	19	20.1
Subtotal*	42	40	212.8	42	65.8
Discretionary Waivers					
Faculty/Administrators (Non-Civil Service)	149	149	612.5	149	161.2
Civil Service	80	80	326.9	80	86.1
Cooperating Professionals	324	324	719.5	-	-
Athletic	23	23	166.4	-	-
Academic/Other Talent	452	452	862.9	-	-
Foreign Exchange Students	14	14	71.0	-	-
Graduate Assistants	1,012	1,012	7,709.4	-	-
Retired University Employees	5	5	11.7	5	3.1
Subtotal*	2,059	2,059	10,480.3	234	250.4
Total *	2,101	2,099	\$ 10,693.1	276	\$ 316.2

*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.

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State of Illinois
 Illinois State University

Current Unrestricted Local Funds
 Continuing Education and Public Services
 Calculation Sheet for Current Excess Funds
 June 30, 2021

1. Current Available Funds		
Add:		
Cash	\$	-
Cash Equivalents		
Bank Deposits		1,731,524
Marketable Securities		-
Certificates of Deposit		-
Repurchase Agreements		-
Other cash equivalent items		-
Interfund receivables		-
Total Current Available Funds	A.	<u>1,731,524</u>
2. Working Capital Allowance		
Add:		
Highest month's expenditures		795,134
Encumbrances and current liabilities paid in lapse period		250,030
Deferred income		203,062
Refundable deposits		4,040
Allowance for Restoring Inventory to Normal Level		-
Allowance for Sick Leave/Vacation Payouts		<u>13,333</u>
Working Capital Allowance	B.	<u>1,265,599</u>
3. Current Excess Funds		
Deduct B from A and enter here	C.	465,925
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.	<u>(125,942)</u>
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.		<u>\$ 339,983</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

State of Illinois
 Illinois State University

Current Unrestricted Local Funds
 Sales and Services of Educational Activities
 Calculation Sheet for Current Excess Funds
 June 30, 2021

1. Current Available Funds

Add:

Cash	\$ -
Cash Equivalents	
Bank Deposits	1,740,449
Marketable Securities	-
Certificates of Deposit	-
Repurchase Agreements	-
Other cash equivalent items	-
Interfund receivables	-
Total Current Available Funds	A. <u>1,740,449</u>

2. Working Capital Allowance

Add:

Highest month's expenditures	317,745
Encumbrances and current liabilities paid in lapse period	75,851
Deferred income	20,063
Refundable deposits	-
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	<u>4,978</u>
Working Capital Allowance	B. <u>418,637</u>

3. Current Excess Funds

Deduct **B** from **A** and enter here C. 1,321,812

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. (715,934)

Enter the algebraic sum of **C** and **D** and remit the amount due, if any, for deposit in the Income Fund. \$ 605,878

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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, 2021

1. Current Available Funds

Add:

Cash	\$ -
Cash Equivalents	
Bank Deposits	11,085,451
Marketable Securities	-
Certificates of Deposit	-
Repurchase Agreements	-
Other cash equivalent items	-
Interfund receivables	<u>-</u>
Total Current Available Funds	A. <u>11,085,451</u>

2. Working Capital Allowance

Add:

Highest month's expenditures	8,087,512
Encumbrances and current liabilities paid in lapse period	2,392,884
Deferred income	1,437,054
Refundable deposits	224,462
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	<u>117,220</u>
Working Capital Allowance	B. <u>12,259,132</u>

3. Current Excess Funds

Deduct **B** from **A** and enter here C. (1,173,681)

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. (778,323)

Enter the algebraic sum of **C** and **D** and remit the amount due, if any, for deposit in the Income Fund. \$ (1,952,004)

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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, 2021

1. Current Available Funds

Add:

Cash	\$ -
Cash Equivalents	
Bank Deposits	591,031
Marketable Securities	-
Certificates of Deposit	-
Repurchase Agreements	-
Other cash equivalent items	-
Interfund receivables	-
Total Current Available Funds	A. <u>591,031</u>

2. Working Capital Allowance

Add:

Highest month's expenditures	480,609
Encumbrances and current liabilities paid in lapse period	17,588
Deferred income	6,944
Refundable deposits	-
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	<u>546</u>
Working Capital Allowance	B. <u>505,687</u>

3. Current Excess Funds

Deduct **B** from **A** and enter here C. 85,344

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)

Enter the algebraic sum of **C** and **D** and remit the amount due, if any, for deposit in the Income Fund. \$ 83,202

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State of Illinois
 Illinois State University

Service Departments
 Calculation Sheet for Current Excess Funds
 June 30, 2021

1. Current Available Funds

Add:

Cash	\$ 55,164
Cash Equivalents	
Bank Deposits	2,281,507
Marketable Securities	-
Certificates of Deposit	-
Repurchase Agreements	-
Other cash equivalent items	-
Interfund receivables	-
Total Current Available Funds	A. <u>2,336,671</u>

2. Working Capital Allowance

Add:

Highest month's expenditures	4,076,507
Encumbrances and current liabilities paid in lapse period	880,491
Deferred income	123,081
Refundable deposits	-
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	<u>71,204</u>
Working Capital Allowance	B. <u>5,151,283</u>

3. Current Excess Funds

Deduct B from A and enter here	C. (2,814,612)
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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. <u>(5,036,949)</u>
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<u>\$ (7,851,561)</u>

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State of Illinois
 Illinois State University

Auxiliary Facilities - Revenue Bonds
 Student Housing
 Calculation Sheet for Current Excess Funds
 June 30, 2021

1. Current Available Funds

Add:

Cash	\$ -
Cash Equivalents	
Bank Deposits	4,212,440
Marketable Securities	2,473,222
Certificates of Deposit	-
Repurchase Agreements	-
Other cash equivalent items	-
Interfund receivables	-
Total Current Available Funds	A. <u>6,685,662</u>

2. Working Capital Allowance

Add:

Highest month's expenditures	4,790,144
Encumbrances and current liabilities paid in lapse period	896,471
Deferred income	63,188
Refundable deposits	715,268
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	<u>65,731</u>
Working Capital Allowance	B. <u>6,530,802</u>

3. Current Excess Funds

Deduct **B** from **A** and enter here C. 154,860

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. (25,490,343)

Enter the algebraic sum of **C** and **D** and remit the amount due, if any, for deposit in the Income Fund. \$ (25,335,483)

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State of Illinois
 Illinois State University

Auxiliary Facilities - Revenue Bonds
 Student Activities
 Calculation Sheet for Current Excess Funds
 June 30, 2021

1. Current Available Funds

Add:

Cash	\$	-
Cash Equivalents		
Bank Deposits		2,921
Marketable Securities		4,578,363
Certificates of Deposit		-
Repurchase Agreements		-
Other cash equivalent items		-
Interfund receivables		-
Total Current Available Funds	A.	<u>4,581,284</u>

2. Working Capital Allowance

Add:

Highest month's expenditures		1,349,572
Encumbrances and current liabilities paid in lapse period		390,684
Deferred income		567,529
Refundable deposits		24,768
Allowance for Restoring Inventory to Normal Level		7,846
Allowance for Sick Leave/Vacation Payouts		<u>23,700</u>
Working Capital Allowance	B.	<u>2,364,099</u>

3. Current Excess Funds

Deduct B from A and enter here	C.	2,217,185
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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.	<u>(15,885,380)</u>
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.		<u>\$ (13,668,195)</u>

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State of Illinois
 Illinois State University

Auxiliary Facilities - Revenue Bonds
 Parking Services
 Calculation Sheet for Current Excess Funds
 June 30, 2021

1. Current Available Funds

Add:

Cash	\$ -
Cash Equivalents	
Bank Deposits	667,826
Marketable Securities	-
Certificates of Deposit	-
Repurchase Agreements	-
Other cash equivalent items	-
Interfund receivables	-
Total Current Available Funds	A. <u>667,826</u>

2. Working Capital Allowance

Add:

Highest month's expenditures	266,739
Encumbrances and current liabilities paid in lapse period	28,654
Deferred income	61,424
Refundable deposits	-
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	<u>6,450</u>
Working Capital Allowance	B. <u>363,267</u>

3. Current Excess Funds

Deduct **B** from **A** and enter here C. 304,559

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. (2,696,478)

Enter the algebraic sum of **C** and **D** and remit the amount due, if any, for deposit in the Income Fund. \$ (2,391,919)

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**State of Illinois
Illinois State University**

**Calculation Sheet for Indirect Cost Carryforward
June 30, 2021**

1. Current Available Funds

Add:

Cash	\$ -
Cash Equivalents	
Bank Deposits	402,154
Marketable Securities	-
Certificates of Deposit	-
Repurchase Agreements	-
Other cash equivalent items	<u>9,161</u>
Interfund receivables	<u>411,315</u>

2. Allocated Reimbursements

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

\$1,550,857; enter 30% of this amount 465,257

3. Unallocated Reimbursements

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

-

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

Enter the amount of:

Current Liabilities	8,391
Encumbrances	<u>-</u>
Total	<u>8,391</u>

5. Indirect Cost Carryforward

a. Enter the total of items 2, 3 and 4 473,648

b. Subtract from item 1 \$ (62,333)

If a positive number results, enter here and remit for deposit in the Income Fund. \$ (62,333)

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