

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPLIANCE EXAMINATION**

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

For the Year Ended June 30, 2010

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

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPLIANCE EXAMINATION**

(In Accordance With the Single Audit Act and OMB Circular A-133)

For the Year Ended June 30, 2010

TABLE OF CONTENTS

	PAGE
Table of Contents	i
Cross-Reference Table of Special Reporting Required by 1982 University Guidelines, as amended, and the Office of the Auditor General	iv
Agency Officials	1
Management Assertion Letter	2
Compliance Report:	
Summary	3
Accountant's Reports:	
Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	6
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	9
Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards in Accordance With OMB Circular A-133	11
Schedule of Findings and Questioned Costs:	
Summary of Auditor's Results	13
Current Findings - Government Auditing Standards	15
Current Findings - State Compliance	17
Prior Findings Not Repeated	21
Financial Statement Report:	
<p>The University's financial statement report for the year ended June 30, 2010, which includes the independent auditor's report, management's discussion and analysis, basic financial statements and notes, and the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> (which has been reproduced in this report) has been issued separately.</p>	
Supplementary Information for State Compliance Purposes:	
Summary	22
Fiscal Schedules and Analysis:	
Schedule of Expenditures of Federal Awards	24
Notes to Schedule of Expenditures of Federal Awards	28

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPLIANCE EXAMINATION**

(In Accordance With the Single Audit Act and OMB Circular A-133)

For the Year Ended June 30, 2010

TABLE OF CONTENTS

	PAGE
Supplementary Information for State Compliance Purposes (Continued):	
Fiscal Schedules and Analysis (Continued):	
Schedule of Appropriations, Expenditures, and Lapsed Balances.....	30
Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances	31
Comparative Schedule of Revenues and Expenses - University Income Fund.....	32
Schedule of Changes in State Property	33
Comparative Schedule of Cash and Cash Equivalents	34
Comparative Schedule of Investments	35
Analysis of Significant Variations in Certain Revenue and Expense Accounts	36
Analysis of Significant Variations in Certain Asset and Liability Accounts	37
Comparative Schedule of Receivables and Aged Analysis of Receivables	38
Analysis of Operations:	
Agency Functions and Planning Program.....	39
Employment Statistics (Unaudited)	41
Annual Cost Statistics (Unaudited).....	43
Emergency Purchases	44
Bookstore Information (Unaudited)	45
Service Efforts and Accomplishments (Unaudited).....	46
Schedules of Federal Expenditures, Nonfederal Expenses, and New Loans.....	47
Summary of Agency Operations by Function of Program Activity - Student Enrollment Statistics (Unaudited)	48
Tuition and Fee Waivers (Unaudited)	49
Debt Financed by University Related Organization	51
Acquisition of Real Estate by University or URO Not Funded by Separate Specific Appropriation.....	52
Special Data Requirements for Audits of Universities:	
Entity Financial Statements:	
Local Funds:	
Statement of Net Assets.....	53
Statement of Revenues, Expenses, and Changes in Net Assets.....	54

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPLIANCE EXAMINATION**

(In Accordance With the Single Audit Act and OMB Circular A-133)

For the Year Ended June 30, 2010

TABLE OF CONTENTS

	PAGE
Supplementary Information for State Compliance Purposes (Continued):	
Special Data Requirements for Audits of Universities (Continued):	
Entity Financial Statements (Continued):	
Service Departments:	
Statement of Net Assets	55
Statement of Revenues, Expenses, and Changes in Net Assets.....	56
Auxiliary Facilities:	
Statement of Net Assets	57
Statement of Revenues, Expenses, and Changes in Net Assets.....	58
Calculation Sheet for Indirect Cost Carryforward	59
Calculation Sheet for Current Excess Funds:	
Current Unrestricted Local Funds:	
Continuing Education and Public Services	60
Sales and Services of Educational Activities	61
Student Programs and Services.....	62
Field Trips and Foreign Study	63
Service Departments	64
Auxiliary Facilities - Revenue Bonds:	
Student Housing	65
Student Activities	66
Parking Services.....	67
Auxiliary Facilities, Activities, and Accounting Entities.....	68
Summary of Foundation Payments to the University	70
Noninstructional Facilities Reserve	71
Disclosure of Support Which Auxiliary Facilities and Activities Have	
Received During the Year from State Appropriated Funds	72
Illinois Institute for Entrepreneurship Education Financial Information.....	73

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CROSS-REFERENCE TABLE OF SPECIAL REPORTING
REQUIRED BY 1982 UNIVERSITY GUIDELINES, AS AMENDED,
AND THE OFFICE OF THE AUDITOR GENERAL
Year Ended June 30, 2010**

Source of Requirement

Revised Memo from Office of the Auditor General, <u>Dated July 25, 2000</u>	Page Number and Report Where Information <u>is Contained</u>
Item 12, Entities Financial Statements	See Note 22 of financial statements
Item 13, Report Contents:	
a. Compliance Findings pertaining to the 1982 University Guidelines, as amended	See Note 1 below
b. Statement of Sources and Applications of Indirect Cost Recoveries	Page 54 in the Report
c. Calculation for Indirect Cost Carryforward	Page 59 in the Report
d. Tuition Diverted to Auxiliary Enterprise Operations	None
e. Identification of Each Specific Accounting Entity and Description of the Sources of Revenue and Purpose of Each	Pages 68 - 69 in the Report
f. Financial Statements by Entity Including Plant Fund Data	Pages 53 - 58 in the Report
g. Calculation Sheets for Current Excess Funds	Pages 60 - 67 in the Report
h. Disclosure of Support Which Auxiliary Enterprise and Activities Have Received During the Year from State Appropriated Funds	Page 72 in the Report
i. Statement of Revenue and Expenditures for Various Bond Indenture Required Accounts	See Note 22 of financial statements
j. Statement of Whether Bond Accounting Conforms to the Terms of the Bond Indenture	See Note 2 below
k. List and Description of Noninstructional Facilities Reserves	Page 71 in the Report

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CROSS-REFERENCE TABLE OF SPECIAL REPORTING
REQUIRED BY 1982 UNIVERSITY GUIDELINES, AS AMENDED,
AND THE OFFICE OF THE AUDITOR GENERAL
Year Ended June 30, 2010**

Source of Requirement

Revised Memo from Office of the Auditor General, <u>Dated July 25, 2000</u>	Page Number and Report Where Information <u>is Contained</u>
Item 13, Report Contents (Continued):	
l. List of All University-Related Organizations (UROs) List of Independent Organizations	Page 70 in the Report None
m. Disclosure of Payments by UROs to the University for Services Provided	Page 70 in the Report
n. Disclosure of Payment by the University to UROs for Services Provided	Page 70 in the Report
o. Disclosure of Cumulative Amount of Unreimbursed Subsidies	Page 70 in the Report
p. Description of Any Debt Financing by a URO	Page 51 in the Report
q. Schedule of Cash and Investments	Pages 34 - 35 in the Report
r. Statement Regarding Income from Investments of Pooled Funds	See Note 3 below
s. Costs per Full-Time Equivalent Student	Page 43 in the Report
t. Disclosure of Acquisition of Real Estate by the University or URO not Funded by Separate Specific Appropriation	Page 52 in the Report
u. Disclosure of Issuance of Certificates of Participation (COPs) or Participation in Lease or Purchase Arrangements involving COPs	See Note 9 of financial statements

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CROSS-REFERENCE TABLE OF SPECIAL REPORTING
REQUIRED BY 1982 UNIVERSITY GUIDELINES, AS AMENDED,
AND THE OFFICE OF THE AUDITOR GENERAL
Year Ended June 30, 2010**

Source of Requirement

Revised Memo from Office of the Auditor General, <u>Dated July 25, 2000</u>	Page Number and Report Where Information <u>is Contained</u>
Other Financial Related Schedules for Universities:	
1. Schedule of Appropriations, Expenditures, and Lapsed Balances by Major Line Item	Page 30 in the Report
2. Schedule of Income Fund Revenues and Expenses	Page 32 in the Report
3. Schedule of Tuition and Fee Waivers	Pages 49 - 50 in the Report
Note 1 - There were no violations of the compliance requirements of the University Guidelines 1982 identified during the audit of Illinois State University for the year ended June 30, 2010.	
Note 2 - There were no violations of revenue bond covenants noted during the audit of Illinois State University for the year ended June 30, 2010.	
Note 3 - Investment income 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 that was required to be paid into the Income Fund.	

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPLIANCE EXAMINATION**

AGENCY OFFICIALS

President	Dr. C. Alvin Bowman
Vice President - Finance and Planning	Dr. Dianne Ashby (Interim - 5/1/09-9/14/09) Dr. Daniel Layzell (Effective 9/15/09)
Comptroller	Mr. Greg Alt
Legal Counsel	Ms. Lisa Huson
Director - Internal Audit	Mr. Rick Papuga (retired 10/31/09) Mr. Robert Blemler (effective 1/4/10)

Agency offices are located at:

Illinois State University
Hovey Hall
Campus Box 1100
Normal, IL 61790-1100



ILLINOIS STATE UNIVERSITY
Illinois' first public university

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

Clifton Gunderson LLP
 301 SW Adams, Suite 900
 Peoria, IL 61615-1835

March 30, 2011

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 Illinois State University. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following assertions during the year ended June 30, 2010. Based on this evaluation, we assert that during the year ended June 30, 2010, the University has materially complied with the assertions below.

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

Yours very truly,

Illinois State University

C. Alvin Bowman, President

Daniel Layzell, Vice President/Finance & Planning

Lisa M. Huson, General Counsel

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPLIANCE REPORT**

SUMMARY

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

ACCOUNTANT'S REPORTS

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	3	2
Repeated findings	2	1
Prior recommendations implemented or not repeated	0	1

Details of findings are presented in a separately tabbed report section of this report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<u>FINDINGS (GOVERNMENT AUDITING STANDARDS)</u>			
10-1	15	Lack of Reviewed and Approved Periodic Reconciliation of the Detailed Property and Equipment Listings to the General Ledger	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPLIANCE REPORT**

SUMMARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<u>FINDINGS (STATE COMPLIANCE)</u>			
10-2	17	Time Sheets Not Maintained in Compliance With the State Officials and Employees Ethics Act	Significant Deficiency/ Noncompliance
10-3	18	Inadequate Procedures for Disposal of Confidential Information	Significant Deficiency/ Noncompliance
<p>In addition, the following finding, which was reported as a current finding and questioned cost relating to <i>Government Auditing Standards</i>, also met the reporting requirements for State compliance.</p>			
10-1	15	Lack of Reviewed and Approved Periodic Reconciliation of the Detailed Property and Equipment Listings to the General Ledger	Material Weakness/ Noncompliance

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPLIANCE REPORT**

SUMMARY

SCHEDULE OF FINDINGS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
		<u>PRIOR FINDINGS NOT REPEATED</u>
		None

EXIT CONFERENCE

Findings and recommendations appearing in this report were discussed with University personnel at an exit conference on March 15, 2011. Attending were:

Representing Illinois State University

Vice President - Finance and Planning
Comptroller
Assistant Comptroller
Director - Internal Audit

Dr. Daniel Layzell
Mr. Greg Alt
Ms. JoEllen Bahnsen
Mr. Robert Blemler

Representing Clifton Gunderson LLP

Partner
Senior Manager
Senior Manager

Mr. Jeffrey Bonick, CPA
Ms. Paulette Hurd, CPA
Mr. Russ Courter, CPA

Representing the Office of the Auditor General

Audit Manager

Ms. Candice M. Long, CPA

Responses to the recommendations were provided by Mr. Greg Alt in a communication dated March 24, 2011.

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

Honorable William G. Holland
Auditor General
State of Illinois

and

Ms. Anne Davis
Chair, Illinois State University Audit Committee

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Illinois State University's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2010. The management of Illinois State University is responsible for compliance with these requirements. Our responsibility is to express an opinion on Illinois State University's compliance based on our examination.

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

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

In our opinion, Illinois State University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2010. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as findings 10-1, 10-2, and 10-3.

Internal Control

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as finding 10-1 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or 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 in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 10-2 and 10-3 to be significant deficiencies.

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

Illinois State University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine Illinois State University's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of Illinois State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2010, which collectively comprise Illinois State University's basic financial statements, and have issued our report thereon dated March 30, 2011. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Illinois State University. The 2010 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2010, taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, Illinois State University's basic financial statements for the year ended June 30, 2009. In our report dated February 10, 2010, we expressed an unqualified opinion on the financial statements of the business-type activities of Illinois State University. In our opinion, the 2009 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2009, taken as a whole.

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

Clifton Gundersen LLP

Peoria, Illinois
March 30, 2011

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

Honorable William G. Holland
Auditor General
State of Illinois

and

Ms. Anne Davis
Chair, Illinois State University Audit Committee

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of Illinois State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2010, which collectively comprise Illinois State University's basic financial statements, and have issued our report thereon dated March 30, 2011. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Illinois State University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, and not for the purpose of expressing an opinion on the effectiveness of Illinois State University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Illinois State University's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 10-1 in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

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

Illinois State University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Illinois State University's responses and, accordingly, we express no opinion on the responses.

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

Clifton Gunderson LLP

Peoria, Illinois
March 30, 2011

**Independent Auditors' Report on Compliance With Requirements That Could
Have a Direct and Material Effect on Each Major Program, on Internal
Control Over Compliance, and on the Schedule of Expenditures of Federal
Awards in Accordance With OMB Circular A-133**

Honorable William G. Holland
Auditor General
State of Illinois

and

Ms. Anne Davis
Chair, Illinois State University Audit Committee

Compliance

We have audited the compliance of Illinois State University with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Illinois State University's major federal programs for the year ended June 30, 2010. Illinois State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Illinois State University's management. Our responsibility is to express an opinion on Illinois State University's compliance based on our audit.

The Schedule of Expenditures of Federal Awards and our audit described below does not include expenditures of federal awards for those agencies determined to be component units of Illinois State University for financial statement purposes.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Illinois State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Illinois State University's compliance with those requirements.

In our opinion, Illinois State University complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Illinois State University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Illinois State University's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Illinois State University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Illinois State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2010, and have issued our report thereon dated March 30, 2011. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Illinois State University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Peoria, Illinois
March 30, 2011

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA No.</u>
Student Financial Aid Cluster	84.007
	84.033
	84.038
	84.063
	84.268
	84.375
	84.376
	84.379
	93.364

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2010**

SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

<u>Name of Federal Program or Cluster</u>	<u>CFDA No.</u>
Post-9/11 Veterans Educational Assistance	64.027
Research and Development Cluster	This cluster includes numerous CFDA numbers. Refer to programs noted with (**) on the Schedule of Expenditures of Federal Awards.
Career and Technical Education - Basic Grants to States	84.048
State Fiscal Stabilization Fund Cluster	84.394 84.397
Teacher Quality Partnership Grants	84.336
Mathematics and Science Partnerships	84.366
Dollar threshold used to distinguish between type A and type B programs:	\$480,282
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS

10-1. Finding: Lack of Reviewed and Approved Periodic Reconciliation of the Detailed Property and Equipment Listings to the General Ledger

The University does not perform a periodic reconciliation of the detailed property and equipment listings to the general ledger.

During our testing, we noted that the property and equipment detail maintained in Datatel (the subsidiary ledger) is not periodically reconciled to the general ledger. Without a reconciliation, the University can not ensure that the activity being recorded in the general ledger agrees to the activity recorded in the property and equipment database. We noted the following items:

- The University does not capitalize capital assets as of the date acquired. Instead, the University capitalizes capital assets as of the date they are tagged. We noted that in the first quarter of fiscal year 2010, approximately \$837,000 of capital assets were capitalized that had been previously expensed in fiscal year 2009. As of June 30, 2010, there are approximately \$207,000 of capital assets that were improperly expensed as they were not tagged until fiscal year 2011.
- The University improperly capitalized approximately \$2,339,000 of equipment in fiscal year 2009 that is below the capitalization threshold. The University corrected this misclassification in fiscal year 2010.
- The University recorded approximately \$2,863,000 in both the construction in progress and buildings accounts during fiscal year 2009 for the same costs. The University corrected this error in fiscal year 2010 by eliminating \$2,863,000 from the construction in progress account.
- The University improperly expensed approximately \$1,750,000 of building costs during fiscal year 2009. The University corrected this misclassification in fiscal year 2010.
- As a result of the above misclassifications, the June 30, 2010 C-15 report is incorrect.

The net effect of these misclassifications resulted in the expenses on the fiscal year 2009 financial statements being understated by approximately \$2,615,000. The expenses in the fiscal year 2010 financial statements are overstated by approximately \$2,822,000. The June 30, 2010 financial statements were not adjusted for these misclassifications as management deemed them immaterial.

Proper internal control procedures require that accounts be periodically reconciled at the detail level to ensure that the subledgers agree to the general ledger balances.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS

10-1. Finding: Lack of Reviewed and Approved Periodic Reconciliation of the Detailed Property and Equipment Listings to the General Ledger (Continued)

University personnel stated that they have operated under the assumption that the reconciliations completed for the quarterly C-15 report by the capital asset accountant were adequate.

By not performing a periodic reconciliation at the detail level, the property and equipment balances could be materially misstated. (Finding Code No. 10-1)

Recommendation

We recommend that the University perform a reconciliation of the detailed property and equipment listings to the general ledger that is properly reviewed and approved on a quarterly basis.

University Response

The University agrees with the recommendation to perform a reconciliation of the property and equipment detailed listings to the general ledger on a quarterly basis. In addition, a comprehensive independent review of the reconciliation will be performed.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE

10-2. Finding: Time Sheets Not Maintained in Compliance With the State Officials and Employees Ethics Act

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

We noted that University policy 1.1.12 only requires positive time reporting for hourly civil service employees, student workers, and Board of Trustee Members. Faculty, exempt civil service and academic employees were only required to submit benefit usage cards that identified leave time (vacation, sick, etc.) used to the nearest tenth hour, and did not report actual hours worked.

The Act requires the University (through policies adopted by the Illinois Board of Higher Education (IBHE)) to adopt personnel policies consistent with the Act. 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 IBHE adopted personnel policies for public universities on February 3, 2004 in accordance with the Act.

According to University officials, the University has purchased a new Human Resource Information System that will address time and labor reporting issues; however, the system has not yet been fully implemented.

By not requiring positive time reporting sheets from all its employees, the University is not in compliance with the Act. (Finding Code Nos. 10-2, 09-1, 08-1, 07-1, 06-2, 05-4)

Recommendation

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

University Response

The University is currently implementing a new Human Resource Information System (HRIS) which includes a time and labor reporting component. Implementation of positive time reporting for all employees with the exception of faculty is scheduled for completion by July 1, 2011. Inclusion of positive time reporting for faculty is scheduled as part of the second implementation phase.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE

10-3. Finding: Inadequate Procedures for Disposal of Confidential Information

The University had not assured adequate University-wide procedures existed for disposal of confidential information.

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

We found the University:

- had not performed a risk assessment of its computing environment to identify confidential or personal information to assure such information is protected from unauthorized disclosure. The Personal Information Protection Act (815 ILCS 530) requires that entities identify and protect all nonpublic personal information.
- had not installed disk encryption software on its laptop computers as well as mainframe backup tapes.
- had not formally approved procedures regarding the University's responsibilities, as stated in the Personal Information Protection Act, for the prompt investigation and notification in the event of a breach of personal information.

While performing walkthroughs at the University, we noted the following:

- Student Health Services – Personal information and personal health information in unsecured recycling bins.
- Student Financial Aid – Computer print-outs with Social Security Numbers, personal information, and student financial aid information in unsecured recycling bins.
- Comptroller's Office – Personal information such as Social Security Numbers and bank account and routing numbers in an unsecured bin.
- Bins having the capability of being locked were not always secured.

The University had the responsibility to assure confidential information is protected from accidental or unauthorized disclosure.

University personnel stated that, while staff is fully aware of proper disposal procedures, human error led to the instances of improper disposal noted above. While there are processes that collect personal information as defined in Personal Information Protection Act, specifically Social Security Numbers and credit card numbers, a comprehensive risk assessment in conjunction with the items identified as "highly secure" has not been undertaken. In addition, appropriate governance groups have not yet formally approved current draft procedures for response to a breach of personal information.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE

10-3. Finding: Inadequate Procedures for Disposal of Confidential Information (Continued)

Confidential and personal identifiable information collected and maintained by the University should be adequately secured at all times. As such, it is the University's responsibility to ensure adequate procedures for safeguarding all confidential information have been established, effectively communicated to all personnel, and continually enforced. Inherent within this responsibility is the requirement of adequate disposition of all confidential information that is no longer needed. Failure to establish adequate procedures to protect and timely dispose of confidential information and to enforce compliance with established procedures can lead to such information being compromised. (Finding Code Nos. 10-3, 09-2)

Recommendation

We recommend the University assess its procedures for safeguarding and subsequent disposal of all confidential information. University-wide procedures for properly disposing confidential information should be established. Once established, the Department should effectively communicate the procedures to all University personnel, and enforce compliance with its procedures ensuring all confidential information is kept secured until no longer needed, and then properly disposed.

We also recommend the University:

- Perform a comprehensive risk assessment of its computer environment and data maintained to ensure adequate security controls, including adequate physical and logical access restrictions, have been established to safeguard its computer resources.
- Encrypt personal or confidential data.
- Obtain formal approval of the policies and procedures regarding security breaches.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE

10-3. Finding: Inadequate Procedures for Disposal of Confidential Information (Continued)

University Response

The University concurs with the recommendation to assess its procedures for safeguarding and subsequent disposal of all confidential information. Procedures for proper disposal of confidential information are established and will be reviewed to minimize lapses attributable to employee oversight.

The University concurs with the recommendation to perform a comprehensive risk assessment of its computer environment and data. The University Technology Council has finalized the *Policy on Information Resource Access and Security* and is in the process of obtaining formal approval. Also, a Data Stewardship and IT Services Council has been established to define standards for a master data access plan. These efforts will provide a more comprehensive identification of the University's computer data security environment for purposes of risk assessment.

Encryption has been installed and utilized on systems storing and transmitting financial information. The University is developing data classification and corresponding security procedures for each level of data classification. The highest level will incorporate encryption technologies. Also, the University is seeking an outsourcing partner to host mainframe operations and will require encryption protection of data.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2010**

PRIOR FINDINGS NOT REPEATED

None.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

SUMMARY

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

Fiscal Schedules and Analysis:

- Schedule of Expenditures of Federal Awards
- Notes to the Schedule of Expenditures of Federal Awards
- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Revenues and Expenses - University Income Fund
- Schedule of Changes in State Property
- Comparative Schedule of Cash and Cash Equivalents
- Comparative Schedule of Investments
- Analysis of Significant Variations in Certain Revenue and Expense Accounts
- Analysis of Significant Variations in Certain Asset and Liability Accounts
- Comparative Schedule of Receivables and Aged Analysis of Receivables

Analysis of Operations:

- Agency Functions and Planning Program
- Employment Statistics (Unaudited)
- Annual Cost Statistics (Unaudited)
- Emergency Purchases
- Bookstore Information (Unaudited)
- Service Efforts and Accomplishments (Unaudited)
- Schedules of Federal Expenditures, Non-federal Expenses, and New Loans
- Summary of Agency Operations by Function of Program Activity -
 - Student Enrollment Statistics (Unaudited)
- Tuition and Fee Waivers (Unaudited)
- Debt Financed by University Related Organization
- Acquisition of Real Estate by University or URO Not Funded by Separate Specific Appropriation

Special Data Requirements for Audits of Universities:

Entity Financial Statements:

Local Funds:

- Statement of Net Assets
- Statement of Revenues, Expenses, and Changes in Net Assets

Service Departments:

- Statement of Net Assets
- Statement of Revenues, Expenses, and Changes in Net Assets

Auxiliary Facilities:

- Statement of Net Assets
- Statement of Revenues, Expenses, and Changes in Net Assets

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

SUMMARY

Special Data Requirements for Audits of Universities (Continued):

Calculation Sheet for Indirect Cost Carryforward

Calculation Sheet for Current Excess Funds:

Current Unrestricted Local Funds:

Continuing Education and Public Services

Sales and Services of Educational Activities

Student Programs and Services

Field Trips and Foreign Study

Service Departments

Auxiliary Facilities - Revenue Bonds:

Student Housing

Student Activities

Parking Services

Auxiliary Facilities, Activities, and Accounting Entities

Summary of Foundation Payments to the University

Noninstructional Facilities Reserve

Disclosure of Support Which Auxiliary Facilities and Activities Have

Received During the Year from State Appropriated Funds

Illinois Institute for Entrepreneurship Education Financial Information

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the accountants' opinion, except for the portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
STUDENT FINANCIAL AID CLUSTER				
U.S. Department of Education				
Federal Supplemental Educational Opportunity Grants	(M) 84.007		\$ 534,555	\$ -
Federal Work-Study Program	(M) 84.033		771,868	-
Federal Perkins Loan Program Federal Capital Contributions	(M) 84.038		10,286,404	-
Federal Pell Grant Program	(M) 84.063		16,108,189	-
Federal Direct Student Loans	(M) 84.268		99,549,539	-
Academic Competitiveness Grants	(M) 84.375		591,452	-
National Science & Mathematics Access to Retain Talent (Smart) Grants	(M) 84.376		506,162	-
Teacher Education Assistance for College & Higher Education Grants (TEACH Grants)	(M) 84.379		208,207	-
U.S. Department of Health and Human Services				
Nursing Student Loans	(M) 93.364		387,787	-
Total Student Financial Aid			128,944,163	-
OTHER PROGRAMS				
U.S. Department of Veterans Affairs				
Post-9/11 Veterans Educational Assistance	(M) 64.027		649,924	-
U.S. Department of Agriculture				
** Grants for Agricultural Research Competitive Research Grants	(M) 10.206		29,840	-
** Integrated Programs				
(Passed through Southern Illinois University)	(M) 10.303	SIUC 08-13	28,158	-
National School Lunch Program				
(Passed through Illinois State Board of Education)	10.555	4400	23,248	-
Environmental Quality Incentives Program	10.912		26,233	5,180
Total U.S. Department of Agriculture			107,479	5,180
U.S. Department of Commerce				
Manufacturing Extension Partnership (Passed through Illinois Manufacturing Extension Center)	11.611	IMEC	282,917	-
Total U.S. Department of Commerce			282,917	-
U.S. Department of Defense				
** Mathematical Sciences Grants Program	(M) 12.901		13,658	-
Total U.S. Department of Defense			13,658	-
U.S. Department of the Interior				
** National Cooperative Geologic Mapping Program	(M) 15.810		23,649	-
Total U.S. Department of the Interior			23,649	-
U.S. Department of Labor				
WIA Dislocated Workers (Passed through Career Link)	17.260	M. Moody	31,961	-
Occupational Safety & Health-Susan Harwood Training Grants				
(Passed through Illinois Manufacturing Extension Center)	17.502	IMEC	3,493	-
Total U.S. Department of Labor			35,454	-
National Endowment for the Humanities				
Promotion of the Humanities-Public Programs	45.164		1,485	-
Total National Endowment for the Humanities			1,485	-
Institute of Museum & Library Services				
Grants to States (Passed through Illinois State Library)	45.310	LSTA 09-5033	3,744	-
Total Institute of Museum & Library Services			3,744	-

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
National Science Foundation				
** Mathematical and Physical Sciences	(M) 47.049		\$ 424,209	\$ -
Mathematical and Physical Sciences	47.049		108,697	-
Mathematical and Physical Sciences (Passed through American Physical Society)	47.049	J. Ansher	322	-
** Mathematical and Physical Sciences (Passed through Harold Washington College)	(M) 47.049	CHE-0629174	117,966	-
	Total 47.049		<u>651,194</u>	<u>-</u>
** Computer & Information Science & Engineering	(M) 47.070		78,336	-
Computer & Information Science & Engineering (Passed through Marist College)	47.070	NSF CNS-0829558	15,675	-
	Total 47.070		<u>94,011</u>	<u>-</u>
** Biological Sciences	(M) 47.074		617,796	18,799
** Biological Sciences (Passed through Iowa State University)	(M) 47.074	420-40-77A	28,722	-
	Total 47.074		<u>646,518</u>	<u>18,799</u>
Education and Human Resources	47.076		209,546	-
** Education and Human Resources	(M) 47.076		591,985	146,912
** Education and Human Resources (Passed through Chicago State University)	(M) 47.076	HRD-53327 & 53725	26,552	-
Education and Human Resources (Passed through Puget Sound Center)	47.076	HRD-0631789	4,570	-
Education and Human Resources (Passed through University of Arizona)	47.076	DRL081996	21,162	-
** Education and Human Resources (Passed through Utah State University)	(M) 47.076	041447001	44,124	11,986
	Total 47.076		<u>897,939</u>	<u>158,898</u>
ARRA - Trans-NSF Recovery Act Research Support	47.082		77,727	-
Total National Science Foundation			<u>2,367,389</u>	<u>177,697</u>
U.S. Small Business Administration				
Small Business Development Center	59.000		90,206	-
Small Business Development Centers (passed through Illinois Department of Commerce and Economic Opportunity)	59.037	09-181106	43,237	-
Total U.S. Small Business Administration			<u>133,443</u>	<u>-</u>
Environmental Protection Agency				
Brownfields Training, Research, & Technical Assistance Grants & Cooperative Agreements (Passed through Kansas State University)	66.814	S09042	10,248	-
Total Environmental Protection Agency			<u>10,248</u>	<u>-</u>
U.S. Department of Energy				
** Office of Science Financial Assistance Program (Passed through University of Wisconsin-Madison)	(M) 81.049	384H974	145,350	-
** Renewable Energy Research & Development	(M) 81.087		169,177	-
** Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	(M) 81.117		186,814	-
Energy Efficiency and Conservation Block Grant Program (Passed through Illinois Manufacturing Extension Center)	81.128	IMEC	629	-
Total U.S. Department of Energy			<u>501,970</u>	<u>-</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
U.S. Department of Education				
Special Education-Grants to States (Passed through Illinois State Board of Education)	84.027	ATTAP	\$ 183,038	\$ -
TRIO - Student Support Services	84.042		285,035	-
Career and Technical Education - Basic Grants to States (Passed through Illinois Community College Board)	(M) 84.048	CTEL09001, 10001	286,806	46,980
Career and Technical Education - Basic Grants to States (Passed through Illinois State Board of Education)	(M) 84.048	4720-01,00	234,734	21,251
	Total 84.048		<u>521,540</u>	<u>68,231</u>
Business & International Education Projects	84.153		5,702	-
Safe and Drug-Free Schools & Communities National Programs	84.184		107,772	15,158
** Safe and Drug-Free Schools and Communities-State Grants (Passed through Illinois State Board of Education)	(M) 84.186	4400-00	1,661	-
Bilingual Education Professional Development	84.195		313,778	-
Even Start-State Educational Agencies (Passed through OER Associates)	84.213	OER	17,000	-
** Tech-Prep Education (Passed through Minnesota State Colleges & Universities)	(M) 84.243	40997	16,788	-
ARRA - Education Technology State Grants (Passed through Pontiac Township High School)	84.318	16132	3,226	-
** Research in Special Education	(M) 84.324		220,233	-
Special Education-Personnel Development to Improve Services and Results for Children with Disabilities	84.325		213,664	-
Teacher Quality Partnership Grants	(M) 84.336		652,284	81,201
** Mathematics & Science Partnerships (Passed through Illinois State Board of Education)	(M) 84.366	4936-71/01	413,711	-
Mathematics & Science Partnerships (Passed through Illinois State Board of Education)	(M) 84.366	4936-72/70/00/80	764,869	-
** Mathematics & Science Partnerships (Passed through Monroe/Randolph ROE #45)	(M) 84.366	IBiotech	64,954	-
	Total 84.366		<u>1,243,534</u>	<u>-</u>
Improving Teacher Quality State Grants (Passed through Illinois Board of Higher Education)	84.367	10NCLB	61,516	-
Improving Teacher Quality State Grants (Passed through Illinois State Board of Education)	84.367	4932 & MY08723	383,047	-
** Improving Teacher Quality State Grants (Passed through Illinois State Board of Education)	(M) 84.367	4932-00	12,084	-
Improving Teacher Quality State Grants (Passed through Peoria Public Schools District 150)	84.367	PPS-ISU	8,821	-
	Total 84.367		<u>465,468</u>	<u>-</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act (Passed through Illinois Board of Higher Education)	(M) 84.394	2010-4850-01	2,152,300	-
** ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act (Passed through Illinois State Board of Education)	(M) 84.394	2010-4850-00	803,820	-
	Total 84.394		<u>2,956,120</u>	<u>-</u>
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act (Passed through Illinois Board of Higher Education)	(M) 84.397	2010-4870-01	2,492,130	-
** ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act (Passed through Illinois State Board of Education)	(M) 84.397	4870	267,940	-
	Total 84.397		<u>2,760,070</u>	<u>-</u>
National Writing Project (Passed through National Writing Project)	84.928	92-IL03	27,684	-
Total U.S. Department of Education			<u>9,994,597</u>	<u>164,590</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
U.S. Department of Health and Human Services				
** Research Related to Deafness and Communication Disorders	(M) 93.173		\$ 86,963	\$ 39,870
** Drug Abuse and Addiction Research Programs	(M) 93.279		40	-
** Drug Abuse and Addiction Research Programs (Passed through Case Western Reserve University)	(M) 93.279	RES503540	98,468	-
** Drug Abuse and Addiction Research Programs (Passed through University of Utah)	(M) 93.279	PO 0000137622	137,390	-
	Total 93.279		<u>235,898</u>	<u>-</u>
Advanced Education Nursing Traineeships	93.358		33,424	-
** Nursing Research (Passed through University of Iowa)	(M) 93.361	P.Lindsey	2,175	-
National Center for Research Resources	93.389		271,841	22,357
** Cancer Cause & Prevention Research	(M) 93.393		57,642	-
** Developmental Disabilities Basic Support and Advocacy Grants (Passed through Illinois Council on Developmental Disabilities)	(M) 93.630	1058	4,140	-
** Adoption Opportunities (Passed through Children's Home & Aid Society of Illinois)	(M) 93.652	ISU	18,576	-
** Adoption Opportunities (Passed through Adoptions Unlimited)	(M) 93.652	Year 4, Year 5	44,605	-
	Total 93.652		<u>63,181</u>	<u>-</u>
** ARRA - Trans - NIH Recovery Act Research Support	(M) 93.701		230,898	60,804
** Allergy, Immunology, and Transplantation Research	(M) 93.855		120,379	-
** Microbiology and Infectious Diseases Research (Passed through University of Florida)	(M) 93.856	UF-IFAS-04022551	126,058	-
** Biomedical Research and Research Training	(M) 93.859		6,805	-
Biomedical Research and Research Training (Passed through Vanderbilt University)	93.859	VUMC 8982	997	-
** Biomedical Research and Research Training (Passed through New Mexico State University)	(M) 93.859	P0083084/R0083273	9,984	-
	Total 93.859		<u>17,786</u>	<u>-</u>
** Child Health and Human Development Extramural Research (Passed through University of California, San Francisco)	(M) 93.865		(1)	-
** Aging Research	(M) 93.866		30	-
Total U.S. Department of Health and Human Services			<u>1,250,414</u>	<u>123,031</u>
Corporation for National and Community Service				
Americorps	94.006		37,745	-
Americorps (Passed through Jumpstart)	94.006	750200	56,685	-
Americorps (Passed through Western Illinois University)	94.006	5-18271 & 5-19680	13,123	-
	Total 94.006		<u>107,553</u>	<u>-</u>
Total Corporation for National and Community Service			<u>107,553</u>	<u>-</u>
Library of Congress				
Teaching with Primary Sources	NONE		176,622	-
Teaching with Primary Sources Regional Center Pilot	NONE		278,588	186,971
Total Library of Congress			<u>455,210</u>	<u>186,971</u>
Corporation for Public Broadcasting				
Community Service Grant	NONE		54,354	-
Total Corporation for Public Broadcasting			<u>54,354</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 144,937,651</u>	<u>\$ 657,469</u>

** - Research and Development Cluster
(M) - Program was audited as a major Program

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity for the year ended June 30, 2010, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements due to specific reporting requirements prescribed by OMB Circular A-133.

NOTE 2 - LOANS OUTSTANDING

The University had the following loan balances outstanding at June 30, 2010. These loan balances outstanding are also included in the federal expenditures presented in this schedule.

	<u>Outstanding Balance at June 30, 2010</u>
Nursing Student Loans	\$ 387,787
Perkins Loan Program	<u>10,286,404</u>
Total loans outstanding	<u>\$ 10,674,191</u>

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

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

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

Direct Student Loans Program	\$ 76,990,780
Direct Parent Loan for Undergraduate Students Program (PLUS)	<u>22,558,759</u>
Total	<u>\$ 99,549,539</u>

There were no administrative costs charged to the loan program.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010**

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

During the audit period, the University received \$15,901 of food commodities provided by the United States Department of Agriculture, and distributed through the Food Distribution Program that is administered by the Illinois State Board of Education.

NOTE 5 - INSURANCE - NONCASH EXPENDITURES OF FEDERAL AWARDS

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

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fourteen Months Ended August 31, 2010**

	Appropriations (Net After Transfers)	Voucher Expenditures, Twelve Months Ended June 30, 2010	Approximate Lapse Period Expenditures, Two Months Ended August 31, 2010	Approximate Total Expenditures, Fourteen Months Ended August 31, 2010	Approximate Balances Lapsed, August 31, 2010
GENERAL REVENUE FUND - 001 (P.A. 96-0114)					
Lump-sum operations	\$ 80,452,000	\$ 80,078,959	\$ 373,041	\$ 80,452,000	\$ -
Personal services - ARRA	<u>4,644,430</u>	<u>4,644,430</u>	<u>-</u>	<u>4,644,430</u>	<u>-</u>
Total	<u>85,096,430</u>	<u>84,723,389</u>	<u>373,041</u>	<u>85,096,430</u>	<u>-</u>
STATE COLLEGE AND UNIVERSITY TRUST FUND - 417 (P.A. 96-0114)					
Awards and grants	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
GRAND TOTAL - ALL FUNDS	<u>\$ 85,146,430</u>	<u>\$ 84,773,389</u>	<u>\$ 373,041</u>	<u>\$ 85,146,430</u>	<u>\$ -</u>

Note 1: Data is taken from University records and has been reconciled to the records of the State Comptroller.

Note 2: Approximated lapse period expenditures do not include interest payments approved for payment by Illinois State University and submitted to the Comptroller for payment after August.

Note 3: Expenditure amounts are vouchers approved for payment by the University and submitted to the State Comptroller for payment to the vendor.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND LAPSED BALANCES
For the Years Ended June 30, 2010 and 2009**

	<u>Fiscal Year</u>	
	<u>2010</u>	<u>2009</u>
	<u>96-0114</u>	<u>95-0734</u>
GENERAL REVENUE FUND - 001		
Appropriations (net of transfers)	\$ 85,096,430	\$ 85,096,430
Expenditures:		
Lump sum operations	80,452,000	-
Personal services - Non-ARRA	-	76,118,755
Personal services - ARRA	4,644,430	-
Group insurance	-	3,078,300
Contractual services	-	1,571,965
Equipment	-	2,000,000
Telecommunications	-	200,000
	<u>85,096,430</u>	<u>82,969,020</u>
Total expenditures		
Lapsed balances	\$ - *	\$ 2,127,410
STATE COLLEGE AND UNIVERSITY TRUST FUND - 417		
Appropriations (net of transfers)	\$ 50,000	\$ 22,000
Expenditures:		
Awards and grants	50,000	22,000
	<u>50,000</u>	<u>22,000</u>
Total expenditures		
Lapsed balances	\$ -	\$ -
GRAND TOTAL, ALL FUNDS		
Appropriations (net of transfers)	\$ 85,146,430	\$ 85,118,430
Expenditures	<u>85,146,430</u>	<u>82,991,020</u>
Lapsed balances	\$ - *	\$ 2,127,410

* This amount was a reserve requested by the Governor's Office of Management and Budget and the Illinois Board of Higher Education as a result of the State's financial situation.

Note 1: Fiscal year 2010 expenditures and related lapsed balances do not reflect any interest payments approved for payment by Illinois State University and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
UNIVERSITY INCOME FUND
Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
REVENUES		
Registration fees	\$ 122,001,951	\$ 108,739,100
Registration - extension	1,293,866	1,288,415
Enrollment deposit fee forfeitures	11,550	11,593
Tuition and fees waived	4,334,200	3,919,558
Library fines	18,439	27,895
Investment income	832,621	907,661
Net increase in fair market value of investments	-	50,901
Payments on behalf of University	1,314,581	1,222,149
Gifts and donations	-	-
Other	396,907	1,529,697
	<u>\$ 130,204,115</u>	<u>\$ 117,696,969</u>
 EXPENSES		
Personal services	\$ 58,296,386	\$ 60,573,233
SURS retirement	9,434	35,338
Medicare	1,891,889	1,798,384
Contractual services	29,383,291	23,826,637
Travel	1,430,610	1,456,149
Commodities	2,714,926	2,765,829
Equipment and library books	10,060,016	8,648,607
Telecommunications services	1,397,918	1,219,545
Operation of automotive equipment	595,054	536,412
Tuition and fees waived	4,334,200	3,919,558
Awards, grants, and matching funds	6,370,001	5,846,457
Permanent improvements	7,766,783	4,190,245
	<u>124,250,508</u>	<u>114,816,394</u>
Subtotal		
GASB #35 adjustments:		
Depreciation	10,869,468	10,381,349
Equipment additions/disposals	(13,306,020)	(9,594,321)
Capital lease interest	-	3,962
	<u>\$ 121,813,956</u>	<u>\$ 115,607,384</u>

Note 1: Pursuant to Public Act No. 90-10, responsibility and control of the Illinois State University Income Fund was transferred directly to the University. It is now a non-appropriated, local fund maintained by the University.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Year Ended June 30, 2010**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$ 14,158,006	\$ -	\$ -	\$ 14,158,006
Land improvements	26,519,625	6,568,962	(24,999)	33,063,588
Infrastructure	12,682,559	-	-	12,682,559
Buildings	381,427,798	40,624,087	-	422,051,885
Equipment	69,758,543	5,220,226	(1,627,748)	73,351,021
Library materials	70,624,011	3,712,690	-	74,336,701
Construction in progress	78,676,407	51,926,302	(50,223,762)	80,378,947
Intangible - internally generated software	<u>2,570,906</u>	<u>4,211,908</u>	<u>-</u>	<u>6,782,814</u>
Subtotal	<u>656,417,855</u>	<u>\$ 112,264,175</u>	<u>\$ (51,876,509)</u>	<u>716,805,521</u>
Less accumulated depreciation for:				
Land improvements	8,851,556	920,161	(15,702)	9,756,015
Infrastructure	5,759,775	311,229	-	6,071,004
Buildings	178,351,503	8,203,747	-	186,555,250
Equipment	54,077,564	5,217,102	(1,524,194)	57,770,472
Library materials	<u>54,594,875</u>	<u>3,287,159</u>	<u>-</u>	<u>57,882,034</u>
Total accumulated depreciation	<u>301,635,273</u>	<u>\$ 17,939,398</u>	<u>\$ (1,539,896)</u>	<u>318,034,775</u>
CAPITAL ASSETS, NET	<u>\$ 354,782,582</u>			<u>\$ 398,770,746</u>

Note 1: This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF CASH AND
CASH EQUIVALENTS
June 30, 2010 and 2009**

Significant details of cash and cash equivalents as of June 30, 2010 and 2009 are presented below for all funds of the University:

	<u>2010</u>		<u>2009</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
CASH ON HAND - VAULT AND CHANGE FUNDS	\$ 186,742	Non-interest bearing	\$ 196,800	Non-interest bearing
BANK MONEY MARKET FUNDS				
National City Bank	-		2,434,413	.010%
Commerce Bank	11,809,243	N/A	3,964,775	N/A
Illinois Funds @ U.S. Bank	37,829,715	.089%	2,756,023	.053%
Bank of New York	5,259,509	.00% to .10%	23,451,575	.140% to .290%
U.S Bank	<u>5,943,603</u>	0%	<u>15,209,531</u>	0%
Total bank money market funds	<u>60,842,070</u>		<u>47,816,317</u>	
TOTAL CASH AND CASH EQUIVALENTS	<u>\$61,028,812</u>		<u>\$48,013,117</u>	

Cash and cash equivalent balances are presented in the balance sheets at June 30, 2010 and 2009 as follows:

Current:		
Cash and cash equivalents	\$ 49,826,109	\$ 9,355,388
Restricted cash and cash equivalents	<u>11,202,703</u>	<u>38,657,729</u>
TOTAL CASH AND CASH EQUIVALENT BALANCES	<u>\$61,028,812</u>	<u>\$48,013,117</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF INVESTMENTS
June 30, 2010 and 2009**

	<u>2010</u>		<u>2009</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
U.S. Treasury and agency obligations:				
Agency notes	<u>\$83,127,305</u>	1.375-5.375%	<u>\$93,391,050</u>	2.125-5.375%
TOTAL INVESTMENTS	<u>\$83,127,305</u>		<u>\$93,391,050</u>	

Investments are presented in the statements of net assets at June 30, 2010 and 2009 as follows:

Current:		
Investments	\$ 28,505,635	\$ 24,938,609
Noncurrent:		
Investments	<u>54,621,670</u>	<u>68,452,441</u>
TOTAL INVESTMENTS	<u>\$ 83,127,305</u>	<u>\$ 93,391,050</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN CERTAIN REVENUE AND EXPENSE ACCOUNTS
For the Year Ended June 30, 2010**

Amounts shown below are for general analytical purposes. Significant items impacting the University's financial position and operations are also discussed in the Management's Discussion and Analysis section of the financial statements.

	<u>Fiscal Year</u>		<u>Increase (Decrease)</u>	<u>% of Change</u>	<u>Notes</u>
	<u>2010</u>	<u>2009</u>			
OPERATING REVENUES					
Student tuition and fees, net	\$ 152,516,115	\$ 137,167,496	\$ 15,348,619	11.19%	1
Auxiliary facilities	81,017,810	73,181,556	7,836,254	10.71%	2
OPERATING EXPENSES					
Student aid	31,674,364	23,817,198	7,857,166	32.99%	3
Payments on behalf of the University	78,553,377	59,580,738	18,972,639	31.84%	4
Student housing, activity facilities, and parking	61,583,757	51,784,687	9,799,070	18.92%	5
NONOPERATING REVENUES (EXPENSES)					
Payments on behalf of the University	78,553,377	59,580,738	18,972,639	31.84%	6
Investment income	2,352,613	7,207,850	(4,855,237)	-67.36%	7
Other nonoperating revenues	17,906,543	10,741,292	7,165,251	66.71%	8
Capital appropriations	7,583,879	5,769,786	1,814,093	31.44%	9

Notes

- 1 Student tuition and fees increased by \$15,348,619. This increase was largely a result of the University's 7.55% increase in tuition and fees for incoming students.
- 2 Auxiliary enterprises receipts increased by \$7,836,254. Room and board rates increased by 5.7%. Additionally, occupancy increased by 565 students since all rooms were available due to renovation projects being completed.
- 3 Student aid expenses increased by \$7,857,166. The majority of the increase resulted from additional Pell grant awards of \$6,056,258, increased tuition and fee waivers of \$414,642, and an increase of internal funding by the University of \$653,423 to supplement the State's funding of MAP grants.
- 4/6 Payments on behalf of the University increased by \$18,972,639. The state's payments for SURS benefits and insurance benefits increased by \$11,112,559 and \$7,860,080, respectively.
- 5 Student housings expenses increased by \$9,799,070 as a result of direct costs associated with increased residence hall occupancy and board plan sales.
- 7 Investment revenue decreased by \$4,855,237. Interest income actually decreased by \$1,174,394 for this fiscal year and the change in fair market value of investments decreased by \$3,680,843.
- 8 Other nonoperating revenues increased by \$7,165,251. Income from Pell Grants increased by \$6,056,258 and there was a reclassification of self-insurance that resulted in increasing income by \$1,118,491.
- 9 Capital appropriations increased by \$1,814,093 due to the Life/Safety Improvements project funded by the Capital Development Board.

STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN CERTAIN ASSET AND LIABILITY ACCOUNTS
June 30, 2010

Amounts shown below are for general analytical purposes. Significant items impacting the University's financial position and operations are also discussed in the Management's Discussion and Analysis section of the financial statements.

	<u>Fiscal Year</u>		<u>Increase (Decrease)</u>	<u>% of Change</u>	<u>Notes</u>
	<u>2010</u>	<u>2009</u>			
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 49,826,109	\$ 9,355,388	\$ 40,470,721	432.59%	1
Restricted cash and cash equivalents	11,202,703	38,657,729	(27,455,026)	-71.02%	2
Investments	28,505,635	24,938,609	3,567,026	14.30%	3
Accounts receivable	13,662,634	11,926,538	1,736,096	14.56%	4
Appropriations receivable from State	20,390,047	33,150,388	(12,760,341)	-38.49%	5
Prepaid expenses, deposits and other	3,843,510	2,977,412	866,098	29.09%	6
Noncurrent assets:					
Investments	54,621,670	68,452,441	(13,830,771)	-20.20%	7
Capital assets, net	398,770,746	354,782,582	43,988,164	12.40%	8
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	25,968,104	22,981,279	2,986,825	13.00%	9
Assets held in custody for others and deposits	3,604,740	5,234,447	(1,629,707)	-31.13%	10
Deferred revenue	7,344,044	6,489,343	854,701	13.17%	11
Revenue bonds payable	6,151,471	5,251,695	899,776	17.13%	12

Notes

- 1 Cash and cash equivalents increased by \$40,470,721. This resulted from a change in mix of cash and investments.
- 2 Restricted cash and cash equivalents decreased by \$27,455,026. This was a result of payments for major construction and rehabilitation projects on campus.
- 3 Investments increased by \$3,567,026 as a result of the change in the mix of investments held by the University during 2010.
- 4 Accounts receivable increased by \$1,736,096 as a result of the increase in the tuition and fee rates.
- 5 Appropriations receivable from the state decreased by \$12,760,341. This is a reflection of the state being more current in payments.
- 6 Prepaid expenses and deposits increased by \$866,098 as a result of additional option fees paid on two properties.
- 7 Long-term investments decreased by \$13,830,771. One of the contributing factors is the change in the investment mix between short-term and long-term investments.
- 8 Net capital assets increased by \$43,988,164. This increase is a result of the various construction and rehabilitation projects on the campus which included rehabilitation of the Watterson Towers Residence Halls, Watterson Commons Dining, and the Student Fitness Center.
- 9 Accounts payable and accrued liabilities increased by \$2,986,825. This is a result of the retainage on construction and rehabilitation projects on campus including the chiller plant, the rehabilitation of Watterson Towers, Watterson Commons Dining Center, and the Student Fitness Center.
- 10 Assets held in custody for others and deposits decreased by \$1,629,707 as a result of a reclassification of a self-insurance account.
- 11 Deferred revenue increased by \$854,701. This is a result of private gifts and grants.
- 12 Revenue bonds payable current portion increased due to the initial principal payment on the 2008 New Project Bonds of \$845,000.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF RECEIVABLES AND
AGED ANALYSIS OF RECEIVABLES
June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
ACCOUNTS RECEIVABLE			
Current funds:			
Local funds (less allowance for doubtful accounts of \$1,581,440 and \$1,440,006 at June 30, 2010 and 2009, respectively)	\$ 8,184,772	\$ 6,726,366	\$ 1,458,406
Auxiliary facilities system (less allowance for doubtful accounts of \$877,320 and \$871,299 at June 30, 2010 and 2009, respectively)	1,621,862	1,403,448	218,414
Restricted funds	2,793,724	2,484,919	308,805
Payroll and clearing accounts	<u>131,204</u>	<u>186,723</u>	<u>(55,519)</u>
Total current funds	12,731,562	10,801,456	1,930,106
Agency funds	922,781	1,109,430	(186,649)
Loan funds	<u>8,291</u>	<u>15,652</u>	<u>(7,361)</u>
TOTAL ACCOUNTS RECEIVABLE	<u>\$ 13,662,634</u>	<u>\$ 11,926,538</u>	<u>\$ 1,736,096</u>

STUDENT LOANS RECEIVABLE

Loan funds:			
Student loans receivable (less allowance for doubtful loans of \$973,784 and \$912,784 at June 30, 2010 and 2009, respectively)	<u>\$ 9,756,400</u>	<u>\$ 9,946,575</u>	<u>\$ (190,175)</u>

AGED ANALYSIS OF ACCOUNTS RECEIVABLE AND UNCOLLECTIBLE ACCOUNTS

The University did not have an aged analysis of accounts receivable; however, accounts receivable other than tuition, room and board, and fees receivable are generally less than 180 days old and considered to be collectible. An allowance for doubtful accounts of \$1,334,304 and \$1,209,200 at June 30, 2010 and 2009, respectively, has been established for tuition receivable deemed uncollectible. An allowance for doubtful accounts of \$651,510 and \$614,968 at June 30, 2010 and 2009, respectively, has been established for room and board receivable deemed uncollectible. An additional allowance for doubtful accounts of \$472,946 and \$487,137 at June 30, 2010 and 2009, respectively, has been established for fees receivable deemed uncollectible.

Student loans receivable are presented in the statements of net assets at June 30, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Current	\$ 928,736	\$ 902,641
Noncurrent	<u>8,827,664</u>	<u>9,043,934</u>
	<u>\$ 9,756,400</u>	<u>\$ 9,946,575</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
AGENCY FUNCTIONS AND PLANNING PROGRAM
June 30, 2010**

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

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

The *Academic Plan* submitted during our audit period is for fiscal years 2010-2015 and can be found at http://www.provost.illinoisstate.edu/downloads/academic_plan/AcademicPlan2010-2015MASTER.pdf. It includes: (1) an identification of institutional priorities; (2) the University's strategic plan, *Educating Illinois 2008-2014 Priorities for Illinois' First Public University*; 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 2011 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 2010, program reviews were completed on the following programs: B.S. in Environmental Health, B.S. in Health Information Management, B.S. in Biochemistry/Molecular Biology, B.S., M.S., & Ph.D. in Biological Sciences, B.S., M.A., & M.S. in Speech Pathology and Audiology, and B.S. & M.S. in Nursing.

Compilation of the University's *Academic Plan* is coordinated through the Office of the Associate Provost, whose functions also ensure cohesion between the *Academic Plan* and the University's strategic plan: *Educating Illinois: 2008-2014 Priorities for Illinois' First Public University*.

- *Educating Illinois* is the University's multi-year strategic plan. It has articulated five core values (individualized attention, public opportunity, active pursuit of learning and scholarship, diversity, and innovation) that support 5 goals and 27 corresponding action items addressed by the campus community. University progress is summarized on the accomplishments section of the *Educating Illinois* Website, www.educatingillinois.ilstu.edu.

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.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
AGENCY FUNCTIONS AND PLANNING PROGRAM
June 30, 2010**

- *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.
- *The Master Plan: Achieving Distinctiveness and Excellence in Form, Function and Design at Illinois State University 2000-2020* 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. Results from this are used to inform the Master Plan and Capital RAMP.

Location of Agency: Normal, Illinois
Agency Head: Dr. C. Alvin Bowman, President

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT)
Years Ended June 30, 2010 and 2009**

(Unaudited)*

	<u>Instructional Activities</u>	<u>Organized Research</u>	<u>Public Service</u>
YEAR ENDED JUNE 30, 2010			
Appropriated funds:			
Faculty/administrative	1,031.60	154.90	32.60
Civil service	210.70	6.30	13.70
Student employees	85.00	.60	2.80
Miscellaneous contracts	<u>18.00</u>	<u>24.80</u>	<u>.30</u>
	<u>1,345.30</u>	<u>186.60</u>	<u>49.40</u>
Non-appropriated funds:			
Faculty/administrative	103.70	125.00	59.90
Civil service	20.80	34.60	17.50
Student employees	<u>25.20</u>	<u>19.90</u>	<u>9.20</u>
	<u>149.70</u>	<u>179.50</u>	<u>86.60</u>
TOTAL ALL FUNDS	<u><u>1,495.00</u></u>	<u><u>366.10</u></u>	<u><u>136.00</u></u>
YEAR ENDED JUNE 30, 2009			
Appropriated funds:			
Faculty/administrative	1,177.90	21.10	42.70
Civil service	214.90	6.10	9.20
Student employees	85.00	.20	0.60
Miscellaneous contracts	<u>14.70</u>	<u>23.20</u>	<u>0.20</u>
	<u>1,492.50</u>	<u>50.60</u>	<u>52.70</u>
Non-appropriated funds:			
Faculty/administrative	49.30	131.80	57.70
Civil service	19.80	37.00	19.40
Student employees	<u>26.30</u>	<u>16.30</u>	<u>8.90</u>
	<u>95.40</u>	<u>185.10</u>	<u>86.00</u>
TOTAL ALL FUNDS	<u><u>1,587.90</u></u>	<u><u>235.70</u></u>	<u><u>138.70</u></u>

* Provided by the Office of Budget and Planning.

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

One full-time employee employed 12 months of the fiscal year counts as one staff year.

<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Operation and Maintenance Physical Plant</u>	<u>Independent Operations</u>	<u>Total All Functions</u>
51.10	60.90	64.00	7.50	-	1,402.60
81.60	25.70	186.50	177.90	-	702.40
16.80	7.10	24.00	5.30	-	141.60
1.70	2.70	7.40	40.70	-	95.60
<u>151.20</u>	<u>96.40</u>	<u>281.90</u>	<u>231.40</u>	<u>-</u>	<u>2,342.20</u>
3.20	136.20	7.20	2.00	41.70	478.90
.30	80.10	27.30	171.30	249.70	601.60
2.30	65.80	.90	8.50	251.00	382.80
<u>5.80</u>	<u>282.10</u>	<u>35.40</u>	<u>181.80</u>	<u>542.40</u>	<u>1,463.30</u>
<u>157.00</u>	<u>378.50</u>	<u>317.30</u>	<u>413.20</u>	<u>542.40</u>	<u>3,805.50</u>
43.30	58.00	61.70	7.40	-	1,412.10
80.60	23.50	175.60	183.10	-	693.00
16.60	6.00	24.90	4.90	-	138.20
1.40	2.20	6.10	33.30	-	81.10
<u>141.90</u>	<u>89.70</u>	<u>268.30</u>	<u>228.70</u>	<u>-</u>	<u>2,324.40</u>
2.60	132.20	8.00	2.60	39.70	423.90
1.00	75.00	27.00	192.50	218.30	590.00
2.50	63.40	1.90	14.90	223.40	357.60
<u>6.10</u>	<u>270.60</u>	<u>36.90</u>	<u>210.00</u>	<u>481.40</u>	<u>1,371.50</u>
<u>148.00</u>	<u>360.30</u>	<u>305.20</u>	<u>438.70</u>	<u>481.40</u>	<u>3,695.90</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ANNUAL COST STATISTICS
June 30, 2010 and 2009**

(Unaudited)

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

	<u>2010</u>	<u>2009</u>
Total education and general expenses/expenditures from current appropriated funds	\$ 80,731,421*	\$ 83,211,717*
Expenses/expenditures from locally held University Income Fund	<u>124,250,508</u>	<u>114,816,394</u>
	204,981,929	198,028,111
Full-time equivalent students	÷ <u>19,022</u>	÷ <u>18,614</u>
 COST PER FULL-TIME EQUIVALENT STUDENT	 <u><u>\$ 10,776</u></u>	 <u><u>\$ 10,639</u></u>

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

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
EMERGENCY PURCHASES
For the Years Ended June 30, 2010 and 2009**

In Fiscal Year 2010, the University had two emergency purchases. University High School had gymnasium flooring repairs in the amount of \$80,472. Hovey Hall exterior columns required repairs in the amount of \$108,400. Both purchases were made for safety issues.

In Fiscal Year 2009, the University had three emergency purchases. Turner Hall had exterior brick work completed in the amount of \$95,500. Watterson Towers had new showers installed in the amount of \$84,000. Both purchases were made for health and safety issues. The South Campus chiller had a compressor and motor replacement installed as an emergency procurement in the amount of \$70,000.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
BOOKSTORE INFORMATION
For the Year Ended June 30, 2010**

(Unaudited)

The University has a contractual arrangement for bookstore operations on campus. The University's contract was for the period May 15, 2001 through June 30, 2006 and has been extended for the period July 1, 2006 through June 30, 2011. The contract with the bookstore requires commissions to be paid to the University based on the following terms:

1. 9.0% of gross sales up to \$3,000,000; plus
2. 10.0% of gross sales from \$3,000,000 to \$3,500,000; plus
3. 12.0% of gross sales over \$3,500,000

Bookstore gross sales and University commissions were as follows:

<u>Fiscal Year</u>	<u>Bookstore sales</u>	<u>Commission</u>
2010	\$ 2,811,785	\$ 253,061
2009	\$ 2,938,367	\$ 264,453
2008	\$ 3,225,494	\$ 292,549

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

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Year Ended June 30, 2010**

(Unaudited)

Agency: Illinois State University (636)

Major Function: Higher Education

Total Appropriated and Income Fund Budget as Approved by ISU Board of Trustees	\$208,902,400
Faculty FTE - Fall 2009	984.8
Lab School FTE - Fall 2009	92.0
Admin/Professional FTE - Fall 2009	701.7
Civil Service FTE - Fall 2009	1,458.9
Fall 2009 Enrollment	20,856
FY 2010 Degrees	5,226
FY 2010 Undergraduate Direct Instruction Costs	\$ 40,049,881
FY 2010 Graduate Direct Instruction Costs	\$ 6,610,686
FY 2010 Undergraduate credit hours	515,551
FY 2010 Graduate credit hours	42,250
FY 2010 Undergraduate Direct Instruction Cost/Credit Hour	\$77.68
FY 2010 Graduate Direct Instruction Cost/Credit Hour	\$156.46

- Eighty-five percent of the fall 2009 new freshmen return to Illinois State University for a second year of enrollment in fall 2010.
- Seventy percent of the most recent cohort of new freshmen graduate from the University within six years. Of these fall 2004 new freshman who entered ISU and graduated, 64 percent graduate in four years, 30 percent graduate in five years, and 6 percent graduate in six years.
- In fall 2010, the University enrolled students from all 50 states and from 60 countries outside the U.S. 60.1 Percent of University students are from the Chicago area and 20.7 percent are from central Illinois. Among the entering students, the mean ACT score was 24.1.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULES OF FEDERAL EXPENDITURES,
NONFEDERAL EXPENSES, AND NEW LOANS
Year Ended June 30, 2010**

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA schedule	\$ 144,937,651	
Total new loans made not included on SEFA schedule	-	*
Amount of federal loan balances (not included on the SEFA schedule and continued compliance required)	-	*
Other noncash federal award expenditures (not included on SEFA schedule)	<u>15,901</u>	
Total Schedule A	<u>\$ 144,953,552</u>	

Schedule B - Total Financial Component

Total operating expenses (from financial statements)	\$ 438,910,230
Total nonoperating expenses (from financial statements)	3,280,279
Total new loans made	99,549,539
Amount of federal loan balances	10,674,191
Other noncash federal award expenditures	<u>15,901</u>
Total Schedule B	<u>\$ 552,430,140</u>

Schedule C

		<u>Percent</u>
Total Schedule A	\$ 144,953,552	26.24 %
Total non-federal expenses	<u>407,476,588</u>	<u>73.76</u>
Total Schedule B	<u>\$ 552,430,140</u>	<u>100.00 %</u>

* Loan amounts are included on SEFA schedule.

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

STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SUMMARY OF AGENCY OPERATIONS BY FUNCTION
OF PROGRAM ACTIVITY
STUDENT ENROLLMENT STATISTICS
Years Ended June 30, 2010 and 2009

(Unaudited)

Enrollment statistics for the past two academic years are as follows:

	Number of Enrolled Students at Beginning of School Year	
	<u>2009-2010</u>	<u>2008-2009</u>
All students, including extension	<u>21,184</u>	<u>20,799</u>
	<u>Full-time Students Equivalent</u>	
	<u>2009-2010</u>	<u>2008-2009</u>
All students, including extension	<u>19,022</u>	<u>18,614</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
UNDERGRADUATE TUITION AND FEE WAIVERS
For the Year Ended June 30, 2010**

(Unaudited)

	Total Number of Recipients*	Tuition Waived		Fees Waived	
		Number of Recipients*	Value of Waivers	Number of Recipients*	Value of Waivers
(In Thousands of Dollars)					
Mandatory Waivers					
Teacher Special Education	359	359	\$ 2,468.4	359	\$ 698.3
General Assembly	133	133	959.5	-	-
Reserve Officer's Training Corps	53	53	323.4	-	-
Wards of Illinois Department of Children and Family Services	22	22	95.5	22	18.9
Veterans Grants and Scholarships	423	423	1,205.2	-	-
Children of Employees	<u>287</u>	<u>287</u>	<u>906.6</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>1,277</u>	<u>1,277</u>	<u>5,958.6</u>	<u>381</u>	<u>717.2</u>
Discretionary Waivers					
Faculty/Administrators (Non-Civil Service)	11	11	15.6	10	3.7
Civil Service	86	86	172.3	80	42.6
Children of Deceased Employees	1	1	7.3	1	1.9
Athletic	356	356	1,860.1	-	-
Academic/Other Talent	745	745	2,031.4	16	19.5
Foreign Exchange Students	28	28	105.6	-	-
Out-of-State Students	5	5	24.0	3	4.1
Retired University Employees	1	1	0.8	1	0.2
Cooperating Professionals	<u>1</u>	<u>1</u>	<u>0.7</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>1,234</u>	<u>1,234</u>	<u>4,217.8</u>	<u>111</u>	<u>72.0</u>
Total	<u>2,511</u>	<u>2,511</u>	<u>\$10,176.4</u>	<u>492</u>	<u>\$ 789.2</u>

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

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
GRADUATE TUITION AND FEE WAIVERS
For the Year Ended June 30, 2010**

(Unaudited)

	<u>Total Number of Recipients*</u>	<u>Tuition Waived</u>		<u>Fees Waived</u>	
		<u>Number of Recipients*</u>	<u>Value of Waivers</u>	<u>Number of Recipients*</u>	<u>Value of Waivers</u>
(In Thousands of Dollars)					
Mandatory Waivers					
Teacher Special Education	15	15	\$ 60.1	15	\$ 20.5
General Assembly	1	1	2.6	-	-
Veterans Grants & Scholarships	<u>40</u>	<u>40</u>	<u>36.9</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>56</u>	<u>56</u>	<u>99.6</u>	<u>15</u>	<u>20.5</u>
Discretionary Waivers					
Faculty/Administrators (Non-Civil Service)	136	136	227.1	124	66.3
Civil Service	76	76	101.0	66	29.1
Cooperating Professionals	556	556	731.7	-	-
Athletic	12	12	38.6	-	-
Academic/Other Talent	544	544	735.1	120	40.4
Foreign Exchange Students	49	49	129.8	-	-
Graduate Assistants - Research	232	232	907.6	-	-
Graduate Assistants - Teaching	474	474	2,054.8	-	-
Graduate Assistants - Other	<u>303</u>	<u>303</u>	<u>1,371.8</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>2,382</u>	<u>2,382</u>	<u>6,297.5</u>	<u>310</u>	<u>135.8</u>
Total	<u>2,438</u>	<u>2,438</u>	<u>\$ 6,397.1</u>	<u>325</u>	<u>\$ 156.3</u>

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

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
DEBT FINANCED BY UNIVERSITY RELATED ORGANIZATION
For the Year Ended June 30, 2010**

A contract at June 30, 2010 consisted of a \$3,300,000 installment contract-for-deed secured by the Alumni Center building. The contract requires 119 monthly payments of \$22,500 at 6.5% interest with a final payment of the remaining outstanding balance.

Maturities and Interest Requirements on the contract-for-deed at June 30, 2010, are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 64,749	\$ 205,251	\$ 270,000
2012	69,085	200,915	270,000
2013	73,712	196,288	270,000
2014	78,649	191,351	270,000
2015	<u>83,916</u>	<u>186,084</u>	<u>270,000</u>
Sub-total	370,111	979,889	1,350,000
2016-2019	<u>2,816,929</u>	<u>536,706</u>	<u>3,353,635</u>
Total	\$ <u>3,187,040</u>	\$ <u>1,516,595</u>	\$ <u>4,703,635</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ACQUISITION OF REAL ESTATE BY UNIVERSITY or URO
NOT FUNDED BY SEPARATE SPECIFIC APPROPRIATION
Year Ended June 30, 2010**

In Fiscal Year 2010, the University or URO did not acquire real estate which was funded outside of a separate specific appropriation.

STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF NET ASSETS - LOCAL FUNDS
June 30, 2010

	Indirect Cost Support	Continuing Education & Public Service	Sales & Service Of Educational Activities	Student Programs & Services - University	Student Programs & Services - High School	Field Trip & Foreign Study Activities	Income Fund	Payroll Fund	Local Funds Total
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ 1,707,240	\$ 3,020,034	\$ 1,065,381	\$ 2,906,179	\$ 160,510	\$ 1,116,979	\$ 19,664,699	\$ (131,204)	\$ 29,509,818
Restricted cash and cash equivalents	-	-	-	-	-	-	5,943,603	-	5,943,603
Accounts receivable, net	-	362,168	11,950	948,935	-	-	6,881,606	131,204	8,335,863
Appropriations receivable from State	-	-	-	-	-	-	20,017,006	-	20,017,006
Inventories	-	213,349	24,115	208,274	320	-	-	-	446,058
Prepaid expenses and deposits	98,621	187,590	7,290	191,609	140	1,273	2,936,597	-	3,423,120
Deferred charges and obligations	-	-	-	-	-	-	122,760	-	122,760
Total current assets	<u>1,805,861</u>	<u>3,783,141</u>	<u>1,108,736</u>	<u>4,254,997</u>	<u>160,970</u>	<u>1,118,252</u>	<u>55,566,271</u>	<u>-</u>	<u>67,798,228</u>
Noncurrent Assets:									
Bond issuance costs	-	-	-	-	-	-	514,560	-	514,560
Capital assets, net	-	-	-	-	-	-	213,403,869	-	213,403,869
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,918,429</u>	<u>-</u>	<u>213,918,429</u>
Total assets	<u>1,805,861</u>	<u>3,783,141</u>	<u>1,108,736</u>	<u>4,254,997</u>	<u>160,970</u>	<u>1,118,252</u>	<u>269,484,700</u>	<u>-</u>	<u>281,716,657</u>
LIABILITIES									
Current Liabilities:									
Accounts payable and accrued liabilities	12,143	344,397	65,967	606,959	22,144	175,763	6,547,162	-	7,774,535
Obligations payable	-	-	-	-	-	-	92,040	-	92,040
Obligations under capital leases	-	-	-	-	-	-	-	-	-
Assets held in custody for others and deposits	-	42,766	-	103,882	-	-	-	-	146,648
Deferred revenue	-	519,612	3,207	507,981	-	890,000	2,879,348	-	4,800,148
Accrued compensated absences	119	15,125	2,068	90,159	213	727	1,359,631	-	1,468,042
Certificates of participation	-	-	-	-	-	-	850,297	-	850,297
Total current liabilities	<u>12,262</u>	<u>921,900</u>	<u>71,242</u>	<u>1,308,981</u>	<u>22,357</u>	<u>1,066,490</u>	<u>11,728,478</u>	<u>-</u>	<u>15,131,710</u>
Noncurrent liabilities:									
Certificates of participation	-	-	-	-	-	-	20,471,234	-	20,471,234
Accrued compensated absences	1,215	154,720	21,152	922,281	2,183	7,437	11,362,772	-	12,471,760
Total noncurrent liabilities	<u>1,215</u>	<u>154,720</u>	<u>21,152</u>	<u>922,281</u>	<u>2,183</u>	<u>7,437</u>	<u>31,834,006</u>	<u>-</u>	<u>32,942,994</u>
Total liabilities	<u>13,477</u>	<u>1,076,620</u>	<u>92,394</u>	<u>2,231,262</u>	<u>24,540</u>	<u>1,073,927</u>	<u>43,562,484</u>	<u>-</u>	<u>48,074,704</u>
NET ASSETS									
Invested in capital assets, net of related debt	-	-	-	-	-	-	198,025,941	-	198,025,941
Unrestricted	1,792,384	2,706,521	1,016,342	2,023,735	136,430	44,325	27,896,275	-	35,616,012
Total net assets	<u>\$ 1,792,384</u>	<u>\$ 2,706,521</u>	<u>\$ 1,016,342</u>	<u>\$ 2,023,735</u>	<u>\$ 136,430</u>	<u>\$ 44,325</u>	<u>\$ 225,922,216</u>	<u>\$ -</u>	<u>\$ 233,641,953</u>

STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - LOCAL FUNDS
YEAR ENDED JUNE 30, 2010

	Indirect Cost Support	Continuing Education & Public Service	Sales & Service Of Educational Activities	Student Programs & Services - University	Student Programs & Services - High School	Field Trip & Foreign Study Activities	Income Fund	Local Funds Total
OPERATING REVENUES								
Student tuition and fees, net	\$ -	\$ 60	\$ -	\$ 22,874,893	\$ -	\$ 1,999,595	\$ 127,641,567	\$ 152,516,115
Sales and services of educational activities	-	-	2,627,661	-	7,166	-	-	2,634,827
Other operating revenues	1,618,919	9,614,677	-	9,657,468	217,633	412,632	382,238	21,903,567
Total operating revenues	1,618,919	9,614,737	2,627,661	32,532,361	224,799	2,412,227	128,023,805	177,054,509
OPERATING EXPENSES								
Educational and General:								
Instruction	-	313,545	1,763,434	450,795	-	2,328,731	59,905,438	64,761,943
Research	496,976	71	114,230	-	780,674	-	248,307	1,640,258
Public service	-	5,675,657	476,017	11,481	-	-	454,738	6,617,893
Academic support	67,816	39,470	247,859	-	-	-	3,592,795	3,947,940
Student services	-	255,378	45,738	29,350,374	-	-	408,656	30,060,146
Institutional support	1,157,742	128,814	-	-	-	-	7,093,115	8,379,671
Operation and maintenance of plant	285,532	246,794	1,087	238,915	-	-	20,330,085	21,102,413
Depreciation	-	-	-	-	-	-	11,441,775	11,441,775
Staff benefits	1,094	65,372	6,889	135,053	2,001	809	(648,961)	(437,743)
Student aid	5,865	7,772	600	2,791,516	-	10,990	10,662,077	13,478,820
Other operating expenditures	-	2,401,736	-	-	-	-	-	2,401,736
Total operating expenses	2,015,025	9,134,609	2,655,854	32,978,134	782,675	2,340,530	113,488,025	163,394,852
Operating income (loss)	(396,106)	480,128	(28,193)	(445,773)	(557,876)	71,697	14,535,780	13,659,657
NONOPERATING REVENUES (EXPENSES)								
Payments on behalf of the University - Foundation	-	-	-	-	-	-	1,314,581	1,314,581
Laboratory Schools	-	-	-	-	522,950	-	-	522,950
Gifts and donations	-	1,757	-	800	-	-	253,927	256,484
Investment income, net of investment expenses	(80,183)	(100,474)	137	(24,848)	764	-	832,620	628,016
Other nonoperating revenues	-	101,997	6,584	564,176	-	-	33,108	705,865
Net nonoperating revenues	(80,183)	3,280	6,721	540,128	523,714	-	2,434,236	3,427,896
Income (loss) before capital items	(476,289)	483,408	(21,472)	94,355	(34,162)	71,697	16,970,016	17,087,553
Capital appropriations	-	-	-	-	-	-	7,583,879	7,583,879
Capital grants and gifts	-	-	-	-	-	-	64,372	64,372
Total capital items	-	-	-	-	-	-	7,648,251	7,648,251
Increase (decrease) in net assets	(476,289)	483,408	(21,472)	94,355	(34,162)	71,697	24,618,267	24,735,804
NET ASSETS								
Net assets - beginning of year	2,268,673	2,223,113	1,037,814	1,929,380	170,592	(27,372)	201,303,949	208,906,149
Net assets - end of year	\$ 1,792,384	\$ 2,706,521	\$ 1,016,342	\$ 2,023,735	\$ 136,430	\$ 44,325	\$ 225,922,216	\$ 233,641,953

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF NET ASSETS - SERVICE DEPARTMENTS
June 30, 2010**

	Service Departments
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 6,276,597
Accounts receivable, net	85,463
Inventories	1,695,293
Prepaid expenses and deposits	214,722
Total current assets	8,272,075
Noncurrent Assets:	
Capital assets, net	3,182,379
Total assets	11,454,454
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	899,211
Deferred revenue	79,531
Accrued compensated absences	72,639
Total current liabilities	1,051,381
Noncurrent Liabilities:	
Accrued compensated absences	960,066
Total liabilities	2,011,447
NET ASSETS	
Invested in capital assets, net of related debt	3,182,379
Unrestricted	6,260,628
TOTAL NET ASSETS	\$ 9,443,007

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
SERVICE DEPARTMENTS
YEAR END JUNE 30, 2010**

	<u>Service Departments</u>
OPERATING REVENUES	
Other operating revenues	\$ 15,970,441
Total operating revenues	<u>15,970,441</u>
 OPERATING EXPENSES	
Educational and General:	
Instruction	551,995
Institutional support	7,593,992
Operation and maintenance of plant	6,398,818
Depreciation	976,981
Staff benefits	<u>(106,598)</u>
Total operating expenses	<u>15,415,188</u>
Operating income	555,253
 NONOPERATING REVENUES (EXPENSES)	
Investment income, net of investment expenses	<u>694,678</u>
Increase in net assets	1,249,931
 NET ASSETS	
Net assets - beginning of year	<u>8,193,076</u>
Net assets - end of year	<u>\$ 9,443,007</u>

STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF NET ASSETS - AUXILIARY FACILITIES
June 30, 2010

	<u>Housing</u>	<u>Student Activities</u>	<u>Parking</u>	<u>Auxiliary Facilities Total</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,492,265	\$ 351,387	\$ (258,327)	\$ 2,585,325
Restricted cash and cash equivalents	25,567	4,689,922	543,611	5,259,100
Investments	19,105,757	9,399,878	-	28,505,635
Accrued interest receivable	579,635	90,865	-	670,500
Accounts receivable, net	927,571	609,246	85,045	1,621,862
Inventories	1,150,153	294,295	-	1,444,448
Prepaid expenses and deposits	7,222	6,619	1,961,144	1,974,985
Deferred charges and obligations	<u>25,767</u>	<u>75,811</u>	<u>19,063</u>	<u>120,641</u>
Total current assets	<u>24,313,937</u>	<u>15,518,023</u>	<u>2,350,536</u>	<u>42,182,496</u>
Noncurrent Assets:				
Investments	54,621,670	-	-	54,621,670
Bond issuance costs	250,363	1,027,982	66,741	1,345,086
Capital assets, net	<u>77,056,038</u>	<u>81,173,203</u>	<u>22,264,333</u>	<u>180,493,574</u>
Total noncurrent assets	<u>131,928,071</u>	<u>82,201,185</u>	<u>22,331,074</u>	<u>236,460,330</u>
Total assets	<u>156,242,008</u>	<u>97,719,208</u>	<u>24,681,610</u>	<u>278,642,826</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	7,119,741	4,002,168	327,989	11,449,898
Assets held in custody for others and deposits	1,916,189	22,247	-	1,938,436
Deferred revenue	189,706	303,690	162,853	656,249
Revenue bonds payable	1,306,389	2,967,972	1,877,110	6,151,471
Accrued compensated absences	<u>109,036</u>	<u>20,981</u>	<u>8,724</u>	<u>138,741</u>
Total current liabilities	<u>10,641,061</u>	<u>7,317,058</u>	<u>2,376,676</u>	<u>20,334,795</u>
Noncurrent Liabilities:				
Assets held in custody for others and deposits	228,701	-	-	228,701
Revenue bonds payable	35,143,446	49,023,270	12,960,643	97,127,359
Accrued compensated absences	<u>1,402,583</u>	<u>269,883</u>	<u>112,218</u>	<u>1,784,684</u>
Total noncurrent liabilities	<u>36,774,730</u>	<u>49,293,153</u>	<u>13,072,861</u>	<u>99,140,744</u>
Total liabilities	<u>47,415,791</u>	<u>56,610,211</u>	<u>15,449,537</u>	<u>119,475,539</u>
NET ASSETS				
Invested in capital assets, net of related debt	40,631,769	33,871,883	7,970,191	82,473,843
Unrestricted	<u>68,194,448</u>	<u>7,237,114</u>	<u>1,261,882</u>	<u>76,693,444</u>
Total net assets	<u>\$ 108,826,217</u>	<u>\$ 41,108,997</u>	<u>\$ 9,232,073</u>	<u>\$ 159,167,287</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - AUXILIARY FACILITIES
YEAR ENDED JUNE 30, 2010**

	<u>Housing</u>	<u>Student Activities</u>	<u>Parking</u>	<u>Auxiliary Facilities Total</u>
OPERATING REVENUES				
Auxiliary enterprises:				
Auxiliary facilities	\$ 60,526,786	\$ 16,424,102	\$ 4,066,922	\$ 81,017,810
Total operating revenues	<u>60,526,786</u>	<u>16,424,102</u>	<u>4,066,922</u>	<u>81,017,810</u>
 OPERATING EXPENSES				
Educational and General:				
Depreciation	2,050,602	2,390,272	532,925	4,973,799
Auxiliary facilities:				
Student housing, activity facilities, and parking	<u>50,648,897</u>	<u>9,295,808</u>	<u>1,639,052</u>	<u>61,583,757</u>
Total operating expenses	<u>52,699,499</u>	<u>11,686,080</u>	<u>2,171,977</u>	<u>66,557,556</u>
Operating income	<u>7,827,287</u>	<u>4,738,022</u>	<u>1,894,945</u>	<u>14,460,254</u>
 NONOPERATING REVENUES (EXPENSES)				
Investment income, net of investment expenses	950,794	18,587	9,438	978,819
Interest revenue (expense)	(1,467,509)	(1,089,412)	(723,358)	(3,280,279)
Other nonoperating revenues	<u>230,090</u>	<u>16,208</u>	<u>-</u>	<u>246,298</u>
Net nonoperating revenues (expenses)	<u>(286,625)</u>	<u>(1,054,617)</u>	<u>(713,920)</u>	<u>(2,055,162)</u>
Income (loss) before capital items	<u>7,540,662</u>	<u>3,683,405</u>	<u>1,181,025</u>	<u>12,405,092</u>
Increase in net assets	7,540,662	3,683,405	1,181,025	12,405,092
 NET ASSETS				
Net assets - beginning of year	<u>101,285,555</u>	<u>37,425,592</u>	<u>8,051,048</u>	<u>146,762,195</u>
Net assets - end of year	<u>\$ 108,826,217</u>	<u>\$ 41,108,997</u>	<u>\$ 9,232,073</u>	<u>\$ 159,167,287</u>

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CALCULATION SHEET FOR INDIRECT COST CARRYFORWARD
June 30, 2010**

1. Cash and Equivalents Balance

Add:

Cash	-	
Cash Equivalents		
Bank Deposits		
Marketable Securities	1,707,240	
Certificates of Deposit		
Repurchase Agreements		
Other cash equivalent items		
Interfund receivables		1,707,240

2. Allocated Reimbursements

Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed: \$6,513,990; enter 30% of this amount

1,954,197

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

161,892

4. Encumbrances and Current Liabilities Paid in the Lapse Period

Enter the amount of:

Current Liabilities	12,262
Encumbrances	-
Total	12,262

5. Indirect Cost Carry-forward

a. Enter the total of items 2, 3 and 4	2,128,351
b. Subtract from item 1	(421,111)
If a positive number results, enter here and remit for deposit in the Income Fund.	(421,111)

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CURRENT UNRESTRICTED LOCAL FUNDS
CONTINUING EDUCATION AND PUBLIC SERVICES
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2010**

1. Current Available Funds

Add:

Cash	-
Cash Equivalents	
Bank Deposits	
Marketable Securities	3,020,034
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. 3,020,034

2. Working Capital Allowance

Add:

Highest month's expenditures	1,369,993
Encumbrances and current liabilities paid in lapse period	344,397
Deferred income	519,612
Refundable deposits	42,766
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	169,845
Working Capital Allowance	B. 2,446,613

3. Current Excess Funds

Deduct B from A and enter here	C. 573,421
--	-------------------

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. (154,312)
--	---------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	419,109
--	----------------

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CURRENT UNRESTRICTED LOCAL FUNDS
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2010**

1. Current Available Funds

Add:

Cash	1,065,381
Cash Equivalents	
Bank Deposits	
Marketable Securities	
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. 1,065,381

2. Working Capital Allowance

Add:

Highest month's expenditures	289,307
Encumbrances and current liabilities paid in lapse period	65,967
Deferred income	3,207
Refundable deposits	-
Allowance for Restoring Inventory to Normal Level	20,000
Allowance for Sick Leave/Vacation Payouts	23,220
Working Capital Allowance	B. 401,701

3. Current Excess Funds

Deduct B from A and enter here	C. 663,680
--	-------------------

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. (741,805)
--	---------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(78,125)
--	-----------------

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CURRENT UNRESTRICTED LOCAL FUNDS
STUDENT PROGRAMS AND SERVICES
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2010**

1. Current Available Funds

Add:

Cash	-
Cash Equivalents	
Bank Deposits	
Marketable Securities	3,066,689
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	-
Interfund receivables	
Total Current Available Funds	A. 3,066,689

2. Working Capital Allowance

Add:

Highest month's expenditures	5,577,098
Encumbrances and current liabilities paid in lapse period	629,103
Deferred income	507,981
Refundable deposits	103,882
Allowance for Restoring Inventory to Normal Level	
Allowance for Sick Leave/Vacation Payouts	1,014,836
Working Capital Allowance	B. 7,832,900

3. Current Excess Funds

Deduct B from A and enter here	C. (4,766,211)
--	-----------------------

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. (310,298)
--	---------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(5,076,509)
--	--------------------

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
CURRENT UNRESTRICTED LOCAL FUNDS
FIELD TRIPS AND FOREIGN STUDY
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2010**

1. Current Available Funds

Add:

Cash	1,116,979
Cash Equivalents	
Bank Deposits	
Marketable Securities	
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. 1,116,979

2. Working Capital Allowance

Add:

Highest month's expenditures	435,814
Encumbrances and current liabilities paid in lapse period	175,763
Deferred income	890,000
Refundable deposits	
Allowance for Restoring Inventory to Normal Level	
Allowance for Sick Leave/Vacation Payouts	8,164
Working Capital Allowance	B. 1,509,741

3. Current Excess Funds

Deduct B from A and enter here	C. (392,762)
--	---------------------

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.	(394,904)
--	------------------

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SERVICE DEPARTMENTS
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2010**

1. Current Available Funds

Add:

Cash	
Cash Equivalents	
Bank Deposits	
Marketable Securities	6,276,597
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	85,463
Total Current Available Funds	A. 6,362,060

2. Working Capital Allowance

Add:

Highest month's expenditures	2,634,359
Encumbrances and current liabilities paid in lapse period	899,211
Deferred income	79,531
Refundable deposits	
Allowance for Restoring Inventory to Normal Level	
Allowance for Sick Leave/Vacation Payouts	1,032,705
Working Capital Allowance	B. 4,645,806

3. Current Excess Funds

Deduct B from A and enter here	C. 1,716,254
--	---------------------

4. Calculation of Income Fund Remittance

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here	D. (4,406,599)
--	-----------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(2,690,345)
--	--------------------

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
AUXILIARY FACILITIES - REVENUE BONDS
STUDENT HOUSING
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2010**

1. Current Available Funds

Add:

Cash	7,479
Cash Equivalents	
Bank Deposits	
Marketable Securities	12,897,312
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. 12,904,791

2. Working Capital Allowance

Add:

Highest month's expenditures	6,163,102
Encumbrances and current liabilities paid in lapse period	2,520,844
Deferred income	189,706
Refundable deposits	2,144,890
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	1,511,619
Working Capital Allowance	B. 12,530,161

3. Current Excess Funds

Deduct B from A and enter here	C. 374,630
--	-------------------

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. (3,538,388)
--	-----------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(3,163,758)
--	--------------------

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
AUXILIARY FACILITIES - REVENUE BONDS
STUDENT ACTIVITIES
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2010**

1. Current Available Funds

Add:

Cash	63,198
Cash Equivalents	
Bank Deposits	
Marketable Securities	2,427,803
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. 2,491,001

2. Working Capital Allowance

Add:

Highest month's expenditures	1,426,749
Encumbrances and current liabilities paid in lapse period	819,207
Deferred income	303,690
Refundable deposits	22,247
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	290,864
Working Capital Allowance	B. 2,862,757

3. Current Excess Funds

Deduct B from A and enter here	C. (371,756)
--	---------------------

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. (5,546,434)
--	-----------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(5,918,190)
--	--------------------

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
AUXILIARY FACILITIES - REVENUE BONDS
PARKING SERVICES
CALCULATION SHEET FOR CURRENT EXCESS FUNDS
June 30, 2010**

1. Current Available Funds

Add:

Cash	(1,210,104)
Cash Equivalents	
Bank Deposits	
Marketable Securities	
Certificates of Deposit	
Repurchase Agreements	
Other cash equivalent items	
Interfund receivables	
Total Current Available Funds	A. (1,210,104)

2. Working Capital Allowance

Add:

Highest month's expenditures	456,961
Encumbrances and current liabilities paid in lapse period	108,414
Deferred income	162,853
Refundable deposits	-
Allowance for Restoring Inventory to Normal Level	-
Allowance for Sick Leave/Vacation Payouts	120,942
Working Capital Allowance	B. 849,170

3. Current Excess Funds

Deduct B from A and enter here	C. (2,059,274)
--	-----------------------

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. (1,686,221)
--	-----------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(3,745,495)
--	--------------------

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES
Year Ended June 30, 2010**

A listing of the University's Auxiliary Facilities, Activities, Accounting Entities, their purposes, and their sources of revenue for the year ended June 30, 2010 are provided below.

Indirect Cost Support

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

Current Unrestricted Local Funds

Continuing Education and Public Services

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

Sales and Services of Educational Activities

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

Student Programs and Services

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.

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.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES
Year Ended June 30, 2010**

Service Departments

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

Auxiliary Facilities

Student Housing

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

Student Activities

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

Parking Services

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

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SUMMARY OF FOUNDATION PAYMENTS TO UNIVERSITY
Years Ended June 30, 2010 and 2009**

The University recognizes Illinois State University Foundation as a University-Related Organization as defined in the University Guidelines 1982 as Amended 1997.

During fiscal years 2010 and 2009, Illinois State University engaged the Foundation, under contract, to provide development and fund raising services. The University made payments of \$200,000 and \$260,000 for fiscal years 2010 and 2009, respectively. In addition, the University contributed services and expenditures in the amount of \$1,707,897 and \$1,650,600 during fiscal years 2010 and 2009, respectively. As required by contract, the Foundation fully repaid the University, using funds considered unrestricted for purposes of the computations per University Guidelines 1982 as Amended 1997. In addition, the Foundation gave the University non-qualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University during fiscal years 2010 and 2009. There was no cumulative unreimbursed subsidy for fiscal years 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Totally unrestricted funds	\$ <u>65,250</u>	\$ <u>93,047</u>
Funds restricted only as to campus, college, or, department, and generally available for ongoing University operations:		
Given to a particular college	644,734	582,704
Given to a particular department	1,838,740	2,580,363
Funds restricted:		
Given for scholarships	1,594,329	1,806,780
Given for certain programs	2,452,493	2,825,555
Other restricted funds	<u>16,383</u>	<u>52,339</u>
Total funds considered restricted	<u>6,546,679</u>	<u>7,847,741</u>
Total funds provided to the University by the Foundation	<u>\$ 6,611,929</u>	<u>\$ 7,940,788</u>

During the performance of our procedures, we noted no other independent organizations related to the University.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
NON-INSTRUCTIONAL FACILITIES RESERVE
For the Year Ended June 30, 2010**

Non-instructional Facilities Reserve Account (Development Reserve)

The Board of Regents, on behalf of Illinois State University, established a Non-instructional Facility Reserve on January 22, 1987, by transferring \$1,250,000 of available revenue from the 1985B Bond Series to be held for use to acquire additional student recreational space. The Board also approved the use of interest derived from the investment of the reserve for the lease of additional student recreational space until such time as the purchase of additional space is approved by the Board. The balance of the Development Reserve at June 30, 2010, is \$1,319,295.

On May 12, 2006, the Board of Trustees authorized the planning and design of a new student recreation center. Construction for the project began in 2008 and is estimated to be completed by January 2011.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
DISCLOSURE OF SUPPORT WHICH AUXILIARY FACILITIES
AND ACTIVITIES HAVE RECEIVED DURING THE YEAR
FROM STATE APPROPRIATED FUNDS
June 30, 2010**

Certain student employees are paid from funds of the Federal College Work-Study Program. In accordance with long standing public policy in Illinois, approximately \$4,362,929 of group insurance expense and \$2,978,124 of retirement plan contributions were also paid from State appropriated funds during the year ended June 30, 2010. These amounts are shown in the University's financial statements as "Payments on behalf of the University."

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
ILLINOIS INSTITUTE FOR ENTREPRENEURSHIP EDUCATION
FINANCIAL INFORMATION
For the Year Ended June 30, 2010**

REVENUES AND EXPENDITURES

REVENUES

Allocated portion of Illinois State University appropriations from the State of Illinois and tuition and fees	<u>\$ 184,000</u>
---	-------------------

EXPENDITURES

Personal services and benefits	160,224
Contractual services	20,168
Travel	689
Commodities	1,635
Telecommunications	<u>1,284</u>
Total expenditures	<u>184,000</u>

EXCESS OF REVENUES OVER EXPENDITURES \$ -

The Illinois Institute for Entrepreneurship Education (IIEE) was created by an act of the Illinois General Assembly in 1988. The purpose of the IIEE is to foster growth and development of entrepreneurship by educating Illinois citizens to the viability of entrepreneurship as a career option and to the role and contributions of entrepreneurs in economic development and job creation. The IIEE is mandated to reach all areas of the State, all ages, all ethnic groups, and income levels.

The IIEE's goals are 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.

The IIEE was created under the oversight of Illinois State University and, by working cooperatively with the University, the IIEE offers Illinois teachers two university accredited graduate courses in entrepreneurship.

The IIEE has a fifteen-member board of directors representing education, commerce and industry, government, and labor.

To more effectively reach its markets, the Institute has established three distinct operational divisions: Community Economic Development, Youth Enterprise Development, and Teacher Education and Training.

The current Director of the IIEE is Ida Manning, located at 200 South Michigan, Suite 700, Chicago, Illinois 60610, telephone (312) 587-9296.