



Federal Compliance Filing by Institutions

Institution name: **Western Illinois University**

1. Assignment of Credits, Program Length and Tuition

Provide web addresses to the following:

- Policy (or set of policies) and procedures for assignment of Credit Hour for all **types** of courses, disciplines, programs, credential levels, formats, regardless of modality.
- Course or program credit assignment procedures. (Note: The Federal Compliance reviewer will contact the institution's Accreditation Liaison Officer after the Federal Compliance materials are received to request a sample of course and program materials. The purpose of the representative sample of materials is to enable the Federal Compliance reviewer to make a preliminary determination as to whether an institution adheres to its Credit Hour policy.)

Provide the web address to relevant policy/policies:

Listed in order of first occurrence:

1. www.wiu.edu/faculty_senate/committees/facultysenate/ccpi/academicterms.php
2. <http://www.wiu.edu/catalog/>
3. www.wiu.edu/graduate_studies/catalog/
4. www.wiu.edu/registrar/cagas/
5. www.wiu.edu/faculty_senate/committees/council_on_general_education/index.php
6. www.wiu.edu/faculty_senate/committees/writing_in_the_disciplines/
7. www.wiu.edu/faculty_senate/committees/facultysenate/ccpi/index.php
8. www.wiu.edu/faculty_senate/
9. www.wiu.edu/graduate_studies/faculty_and_staff_resources/graduate_council.php
10. www.wiu.edu/faculty_senate/committees/facultysenate/ccpi/forms.php
11. www.wiu.edu/faculty_senate/committees/facultysenate/ccpi/policies.php
12. www.wiu.edu/graduate_studies/faculty_and_staff_resources/index.php
13. ittransfer.org/courses/gecc/geccpackage.php
14. www.wiu.edu/catalog/requirements/gened_requirements.php
15. www.wiu.edu/student_services/financial_aid/policies/SatisfactoryProgress.php
16. www.wiu.edu/student_services/undergraduate_admissions/prospective/guaranteesCost.php
17. www.wiu.edu/catalog/requirements/gradtrac.php
18. <http://www.wiu.edu/catalog/residency.php>
19. www.wiu.edu/student_services/undergraduate_admissions/western_commitment/
20. www.wiu.edu/student_services/undergraduate_admissions/transfer/westernCommitment.php
21. www.wiu.edu/academics/
22. www.wiu.edu/graduate_studies/catalog/admission/index.php#new
23. www.wiu.edu/graduate_studies/catalog/academic_guidelines/index.php#transfer

24. www.wiu.edu/graduate_studies/catalog/edleadership.php
25. www.wiu.edu/graduate_studies/catalog/psychology.php
26. www.wiu.edu/cas/ies/esphd.php
27. www.wiu.edu/graduate_studies/prospective_students/guarantee.php
28. www.wiu.edu/graduate_studies/catalog/costs_and_financial_assistance/
29. www.wiu.edu/provost/learningoutcomes/
30. www.wiu.edu/provost/apr.php

Assignment of Credit Hours: Western Illinois University’s Definition of Academic Terms includes institutional *Policy on Unit of Credit* (i.e., assignment of credit hours). This *Policy* is the cornerstone of academic policy and is reviewed by the Faculty Senate (e.g., 11/19/2013, 12/4/2013, 2/25/2016, 3/29/2016, 4/12/2016, 1/25/2018, 2/6/2018 and 2/16/2018) to ensure external standards are met. *Policy* changes occurring since the last reaffirmation of accreditation were:

- Defining the Unit of Credit (2013).
- Modifying the definition of an undergraduate certificate to match the Illinois Board of Higher Education’s (IBHE) definition (2016).
- Clarifying several definitions (comprehensive major, option, minor) and adding definitions for discipline, academic program, and core (2018).

In accordance with this *Policy*, Western follows *U.S. Department of Education Program Integrity Rules* (October, 2010) in the assignment of credit hours. The *Unit of Credit Policy* applies to all courses, disciplines, programs, and transcribed credential levels for all course locations and modalities.

Credit hours are assigned according to instructional time provided to students and the calendar format. The *Unit of Credit Policy* defines credit hour assignment for classroom or direct faculty instruction, laboratory work, internships, student teaching, clinical or practicum experience, studio work, and other academic work leading to the award of credit hours. As described in both Undergraduate and Graduate Catalogs, honors points are assigned to the student’s grades and used to determine the student’s academic standing and grade point average.

Faculty “own” the curriculum and Western operates through a shared governance model. All curricular proposals emanate at the faculty level, and proceed through academic, administrative, and shared governance approvals, as defined in the Unit of Credit Policy.

Undergraduate approvals include committee review at the departmental and college level, the University Committee for Educator Preparation for teacher education, and where appropriate, the university-wide Council for Admission, Graduation and Academic Standards; Council of General Education; and Council on Writing Instruction in the Disciplines; in addition to approvals by the Council on Curricular Programs and Instruction; and Faculty Senate Committee of the Whole. The Graduate Council operates as a Committee of the Whole. The WIU Board of Trustees (BOT) and the IBHE also approve new degree programs before they are established.

Policies on Undergraduate Requests for New Courses or Programs, or Changes to Existing Courses/Programs stipulate proposed credit hours and required approvals for new or modified courses and programs. Special Guidelines are followed in the assignment of credit hours for cross listed courses, multiple course titles, requests for 275/475 (new experimental courses), 450 (workshops), and new internship programs. Similar approval processes exist for graduate courses and programs.

Credit Hour Requirements: IBHE certificate and degree approvals require that the Illinois public universities follow credit hour guidelines defined in *23 Illinois Administrative Code (23 IAC1050.30)* and *Summary Definition of Degree Levels in IBHE Program Inventory*. These two documents are referenced as IBHE Guidelines below.

Western offers 62 bachelor’s degree programs. IBHE Guidelines state that the minimum credit hours earned for a baccalaureate degree is 120 semester hours with at least 40 hours in upper division (junior/senior) courses. Western *Graduation Requirements, Condition 6* stipulates that “A student must earn a minimum of at least 120 semester hours. At least 60 hours of those hours must be from a four-year institution [and] at least 42 of those semester hours must be earned in upper division courses from a four-year institution.” Each undergraduate student works with an academic advisor on semester hour and degree planning under the parameters shown below.

WIU Requirement	Credit Hours Required
<u>General Education</u>	
<u>Illinois Articulation Initiative</u>	37
<u>WIU General Education Curriculum</u>	43
<i>WIU General Education and College of Arts and Sciences Curriculum Requirements^{1,2}</i>	
Bachelor of Arts Degree	60
Bachelor of Science Degree	55
Bachelor of Liberal Arts and Science Degree	57
<u>Major</u>	
Comprehensive Major	48-66
Non-Comprehensive Major	32-47
Minimum Credit Hours for Bachelor’s Degree	120
<u>Concentration</u>	32-47
<u>Minor</u>	16-24
<u>Option</u>	1/3 rd – 3/4 th of the total hours for the major
<ol style="list-style-type: none"> 1. <i>Courses taken to satisfy the University General Education and Arts and Sciences Curriculum requirements may apply to the major or minor if approved by the academic advisor, unless otherwise restricted. Proficiency examinations, where applicable, may be taken in place of required courses.</i> 2. <i>Students enrolled in the College of Arts and Sciences who wish to obtain a teaching license complete the University General Education Curriculum requirements instead of the Arts and Sciences Curriculum requirements.</i> 	

No Western baccalaureate degree program exceeds 140 hours. New majors that exceed 120 semester hours are the result of state licensure requirements, and/or discipline-specific accreditation requirements.

Only two teacher education options within the degree programs (B.S. in Chemistry, Teacher Education option, and Bachelor of Music, Teacher Education option) go to 140 hours.

In addition, Western has offered two, 30-semester hour Certificates of Undergraduate Study in Fire Administration and Management and Fire Prevention Technology. These certificates represent a specific set of upper-division undergraduate courses in a focused area to offer degree-seeking students added value as they seek to acquire additional knowledge in a focused subject, further personal growth, and advance their employment opportunities. Undergraduate emphases and tracks are not transcribed and, therefore, do not have semester-hour requirements.

For all undergraduate programs, Western protocol promotes timely degree and certificate completion. The Satisfactory Academic Progress Requirements follow federal regulations, and help students receiving Title IV financial assistance to graduate in a timely manner. Western's Cost Guarantee guarantees new students no increases in tuition, fees, room and board rates for four years provided they maintain continuous fall/spring enrollment. Western's GradTrac Program assures that the student will graduate in four years from participating academic programs provided that the student met/exceeded all program requirements, or Western will waive the tuition needed for the student to complete their degree.

Western Residency Requirements maintain curricular coherence and quality. Students must complete 30 semester hours while in residence. Quality is further reinforced in Western's scholarship programs. The automatic merit- and need-based Western Commitment and Western Commitment Transfer Scholarships are annually renewable provided that the student continues to meet renewal criteria.

Western offers 15 Post-Baccalaureate Certificates (PBCs). Following IBHE Guidelines, each PBC requires completion of an organized program of study requiring 18 semester hours beyond the bachelor's degree.

Western has 37 master's degree programs. IBHE Guidelines for master's degrees require successful completion of between 30 and 60 credit hours. Western's Master's degrees require a minimum of 30 semester hours, and most range from 33 to 36 semester hours. Some specialized master's degrees require additional hours. For example, the Master of Science in Speech Pathology requires 54 semester hours plus completion of all clinical clock hours required for the American Speech-Language-Hearing Association Certificate of Clinical Competence. Likewise, the Master of Science degree in College Student Personnel requires 48 semester hours in the Student Affairs option and 43 hours in the Higher Educational Leadership option.

Western also has 40 integrated degree programs, including M.A. in Museum Studies agreements with Saint Ambrose University and Wartburg College, where students earn a bachelor's degree and master's degree in five years. Academically qualified students enrolled in these programs complete some graduate coursework (referred to as bridge courses) while at the baccalaureate level to satisfy requirements for both degrees. Western's Policy on Undergraduate Enrollment in Graduate-Level Courses outlines the policies for bridge courses, as well as undergraduate students taking graduate courses for graduate or undergraduate credit, to ensure rigor is maintained in graduate courses and their respective programs.

Western has two specialist's degree programs. IBHE Guidelines indicate that a specialist degree (Post-Masters Certificate) is an award that requires completion of an organized program beyond the master's degree, but does not meet the requirements of academic degrees at the doctoral level. Western has specialist's degrees in Educational Leadership (30 credit hours beyond the master's degree) and School Psychology (66-70 graduate hours). Both specialist's degrees meet state-defined credit hour thresholds.

Western has doctoral degrees in Educational Leadership and Environmental Science: Large River Ecosystems. Both doctoral programs exceed IBHE Guidelines, which require students to complete at least the equivalent of two years of full-time study beyond the master's degree, a dissertation and its defense based on original research, and a comprehensive examination.

Like undergraduate programming, Western encourages timely degree completion for all post-baccalaureate and graduate degree programming. The Cost Guarantee for Graduate Students guarantees new students no increases in tuition, fees, room and board rates for four years provided they maintain continuous fall/spring enrollment. If the student has not finished the degree program within four years, the rate is advanced by one year and continues for another two years, for a maximum of six years.

The Policy on Graduate Assistantships indicates that students must be enrolled in at least nine semester hours of graduate coursework or undergraduate deficiencies if holding a graduate, research, or teaching support assistant position for fall/spring; at least six semester hours if holding a teaching assistant position for fall/spring; or three semester hours for summer (any position).

Finally, Western maintains curricular coherence and quality. The Graduate Transfer Policy limits transfer to six semester hours of approved graduate credit from an accredited institution in 30-hour degree programs or nine semester hours in degree programs requiring a minimum of 32 semester hours.

Alternative Formats: Western's distance education modalities are online, hybrid, live streaming, and additional locations. Western offers 8- and 16-week fall and spring semesters, in addition to 4-, 6-, and 8-week summer semesters. Western also has irregularly scheduled courses (i.e., those that meet less than 16-weeks) and weekend courses.

Western's program quality and learning goals are consistent across all modes of delivery, semester lengths, and locations. The Unit of Credit Policy applies to all courses, locations, and instructional modalities, including, but not limited to, individual study, independent study, online, hybrid, and other distance education courses. Western does not have consortial or contractual programs.

Western maintains the same intended student learning outcomes for all courses and degrees, regardless of semester length, location, or instructional modality. Intended student learning outcomes are the same for courses taught on-campus and through distance education.

Requests for new undergraduate courses and new graduate courses include course objectives, intended student learning outcomes, and questions pertaining to both student learning assessment and the University's mission. Western publishes intended student learning outcomes for General Education and all programs of study. Institutional program review guidelines require a thorough and candid evaluation of student-learning outcomes of all undergraduate and graduate programs, and student engagement outside the classroom. Established policies guide all practice here, and those policies can be found at <http://www.wiu.edu/aasp/assessment/index.php>.

Provide the web address to relevant procedure(s):

1. www.wiu.edu/registrar/coursesched.php
2. <http://www.wiu.edu/registrar/courses.php>

Describe the process the institution utilizes to verify length of academic period and compliance with credit hour requirements through course scheduling.

Course Scheduling Guidelines are provided in the instructions to academic departments and deans during the schedule building period. The Unit of Credit Policy is included in the Course Scheduling Guidelines. After the initial schedule is built by the academic unit, during the proofing period, the Office of the Registrar generates an error report to identify courses that do not show enough class time for the identified credit hours.

Departments are contacted to address any contact time discrepancy prior to the schedule being posted online via Course Search.

2. Institutional Records of Student Complaints

Provide the web address to the institution's complaint policy.

Policies in order of first reference:

1. <http://www.wiu.edu/policies/dhsm.php>
2. www.wiu.edu/policies/affirmact.php
3. www.wiu.edu/student_services/srrri/codeofconduct.php
4. www.wiu.edu/catalog/
5. www.wiu.edu/graduate_studies/catalog/general_information/index.php
6. www.wiu.edu/complaints/
7. <http://complaints.ibhe.org/>
8. www.iowacollegeaid.gov/StudentComplaintForm

Other web pages referenced:

9. <http://www.wiu.edu/president/pdfs/FY2021-OrganizationalChart.pdf>
10. directory.wiu.edu/

The Discrimination, Harassment, and Sexual Misconduct Policy emphasizes that Western strives to provide an educational and working environment that is free from discrimination. As such, and as the Policy Statement on Equal Opportunity and Affirmative Action states, Western is committed to providing equal opportunity and an educational and work environment for its students, faculty, and staff that is free from discrimination based on sex, race, color, sexual orientation, gender identity and gender expression, religion, age, marital status, national origin, disability, or veteran status.

In compliance with *Title IX of the Educational Amendments Act of 1972*, its implementing regulations, and the *Violence Against Women Act*, Western's Discrimination, Harassment, and Sexual Misconduct Policy prohibits discrimination based on sex in educational programs and activities.

The Student Code of Conduct includes nine institutional policies (see Policy Statements A-I at the bottom of the web page) on *Sexual Assault; Hazing; Campus Disruption; Explosives, Firearms, and other Hazardous or Dangerous Weapons; Appropriate [Computer] Use; Cannabis and Other Controlled Substances; University Alcohol Regulations; Skateboarding; and Misuse of Electronic Devices*. Each of these polices is enforced to minimize potential conflict.

The Undergraduate Catalog, Graduate Catalog, and Comments and Complaints Web Page indicate that student complaints should first be addressed at the local level (the level at which the complaint arises). If it cannot be resolved at the local level, the complainant should express his/her complaint to the head of the academic department or administrative unit after referring to the WIU Organizational Chart or the WIU Directory to determine the appropriate contact.

If the complaint is not resolved at this level, contact information is provided in the case of Discrimination, Police Conduct, Student Services-Macomb, All Other Macomb, and Quad Cities. If complaints cannot be resolved at the institutional level, Western provides access to the Illinois Board of Higher Education's website for unresolved complaints. Western also provides access to the State of Iowa's Iowa College Aid's Institutional Complaint Website that serves Iowa residents attending any institution in the United States. The web page is

required as part of the University’s authorization by the State of Iowa for Western’s past efforts to host Museum Studies in Davenport and to offer distance education courses to Iowa residents. (Note: Western discontinued our registration with the Iowa College Student Aid Commission in Summer 2020. No courses have been offered at Iowa locations since Spring 2019.)

Provide the web address to the institution’s complaint procedure.

1. <http://www.wiu.edu/policies/dhsm.php>
2. https://cm.maxient.com/reportingform.php?WesternIllinoisUniv&layout_id=0
3. https://cm.maxient.com/reportingform.php?WesternIllinoisUniv&layout_id=2
4. www.wiu.edu/student_services/srri/ConductProcess.php
5. www.wiu.edu/vpas/public_safety/resources.php
6. <http://complaints.ibhe.org/Procedures.aspx>
7. <http://complaints.ibhe.org/register.aspx>
8. <http://complaints.ibhe.org/update.aspx>
9. www.iowacollegeaid.gov/StudentComplaintForm

The table below displays university policies and procedures related to student complaints. Additional explanation follows the table.

Policy	Procedure
<u>Non-Discrimination Policy</u>	<u>Policy on Discrimination Complaint Procedures</u>
<u>Sexual Misconduct and Gender Non-Discrimination Policy (Title IX)</u>	<u>Title IX Sexual Misconduct and Discrimination Complaint Reporting Form</u>
<u>Student Code of Conduct</u>	<u>Process Chart</u>
<u>Complaints on University Police Conduct</u>	<u>Office of Public Safety Complaint Form</u>
<u>All other Student Complaints as stated in the Undergraduate Catalog, Graduate Catalog, and Comments and Complaints Web Page</u>	
Student Services-Macomb	Referral to the Vice President for Student Services
Academic	Referral to Provost and Academic Vice President
Quad Cities	Referral to Provost and Academic Vice President
<u>Unresolved Complaints at the Institutional Level Undergraduate Catalog, Graduate Catalog, and Comments and Complaints Web Page</u>	
All Students: Illinois Board of Higher Education	
Procedure	<u>Complaint Procedure</u>
New Complaints	<u>New Complaints</u>
Existing Complaints	<u>Existing Complaints</u>
Iowa Residents Enrolled at WIU	<u>Iowa College Aid’s institutional complaint website</u>

The Discrimination/Harassment/Sexual Misconduct Reporting Form initiates investigatory procedures by the Office of Equal Opportunity and Access as appropriate and in accordance with Title IX.

Western’s philosophy on student conduct is educational in nature. The Office of Student Rights, Responsibilities, and Retention Initiatives’ Conduct Process Chart shows how sanctions are designed to guide student behavior and balance the rights of individuals with the health and safety of the community. The student conduct process is not a legal process. It is separate from local, state, and federal court proceedings, and does not

replace or relieve any requirement of civil or criminal law. Students or organizations may participate in parallel processes.

The Office of Public Safety (University Police) provides a safe and secure environment for the Macomb Campus, and access to the [Office of Public Safety Complaint Form](#). All other student complaints are addressed by the Vice Presidents: Interim Vice President for Student Services for all non-academic matters and to the Provost and Academic Vice President for academic matters. For complaints not resolved at the institutional level, students have access to [Illinois Board of Higher Educations' Complaint Procedure](#), with registration systems for [new complaints](#) and [existing complaints](#). The institutional officers previously identified, in consultation with legal counsel, are responsible for maintaining logs demonstrating that student complaints from the IBHE are received, tracked, and handled in a timely manner. They are also responsible for analyzing complaints to improve processes, where applicable.

3. Publication of Transfer Policies

Provide the web addresses to the institution's transfer policies.

1. www.wiu.edu/catalog/admission/transfer.php
2. www.wiu.edu/catalog/admission/exam.php
3. [www.wiu.edu/catalog/2019 - 2020/programs/general.php](http://www.wiu.edu/catalog/2019%20-%202020/programs/general.php).
4. <http://www.wiu.edu/libraries/bgs/>
5. <http://www.wiu.edu/libraries/bgs/options.php>
6. <http://www.wiu.edu/libraries/bgs/proficiency/index.php>
7. www.wiu.edu/graduate_studies/catalog/academic_guidelines/index.php#transfer
8. http://www.wiu.edu/graduate_studies/international/credit_transfers.php

Western admits new undergraduate students through the Admissions Office for all undergraduate degree programs except the Bachelors of General Studies (BGS) degree program. This particular degree program provides post-traditional students an opportunity to earn an undergraduate degree in a manner compatible with their educational needs, work schedules, and lifestyles. Admission to this program is overseen by the Dean of Libraries. The School of Graduate Studies admits new graduate and international students (international undergraduate and domestic and international graduate).

Western publishes transfer admission and credit articulation policies. These policies are readily available to students and the public. The [Undergraduate Catalog](#) contains university policies on *General [Admissions] Requirements, Illinois Statewide Articulated Baccalaureate-Oriented Associate Degrees, Out-of-State and Private Institutions Baccalaureate-Oriented Associate Degrees Articulation [Compact] Agreements, Illinois Articulation Initiative* (a statewide agreement that allows transfer of the completed Illinois General Education Core Curriculum between participating institutions), *Evaluation of Transferable General Education Credit, Evaluation of Baccalaureate Major Transfer Credit*, and the *Dual Admission Transfer Program*.

Following the [Credit by External Examination Policy](#), Western grants academic credit to students successfully completing any of five programs (i.e., College Level Examination Program, Defense Activity for Nontraditional Education Support, International Baccalaureate, Proficiency Examination Program, and/or Seal of Bilingualism) prior to enrollment at Western. Students can receive up to 30 semester hours of credit for graduation from military, external testing, or a combination of both.

The [Undergraduate Catalog](#) contains BGS degree program policies, including *Admissions Requirements, Transfer Credit, Prior Learning Portfolio Credit*, and *Degree/Graduation Requirements*. [WIU Policy on BGS](#)

Degree Completion Options for Earning University Credit allows students to earn credit by taking/transferring courses, passing proficiency examinations, and working on a prior learning portfolio.

BGS students can earn academic credit by participating in military courses and training programs recommended for credit by the American Council on Education. Students can also earn academic credit by participating in non-collegiate company-sponsored training programs recommended for credit by the American Council on Education.

Western's Policy on Proficiency Examinations allows BGS students to earn academic credit by taking proficiency examinations from three programs (College Level Examination Program, Excelsior College Examination Program, and DANTES Subject Standardized Tests). This *Policy* also contains Policies and Procedures regarding *WIU Academic Departmental Proficiency Examinations* that are open to BGS students.

Students can earn academic credit through the portfolio evaluation process (with a maximum of 30 semester hours applied toward graduation requirements). To engage in this process, students must successfully complete the Prior Learning Portfolio Tutorial prior to beginning portfolio preparation. This course (BGS 099) is graded as pass/fail and is an online introduction to the development of a Prior Learning Portfolio.

Western maintains curricular coherence and quality in graduate degree programs. The Graduate Transfer Policy states, "a student may transfer a maximum of six semester hours of approved graduate credit from an accredited institution in a 30-hour degree program or nine semester hours in a degree program requiring 32 or more semester hours."

The Undergraduate Transfer Credit for International Classes Policy stipulates that courses taken at schools outside the U.S. are evaluated on a course by course basis. Students requesting credit for specific courses at Western must submit detailed course descriptions or a syllabus for each course. If these are not in English, word for word translations are required.

Provide the web address where the public can access a list of institutions with which the institution has established articulation agreements. Note that you do not need to provide the full articulation agreements themselves, only the list of agreements that you make public. This list should include the name and location of the agreement partner, the extent to which the institution accepts credit for courses offered by the partner or offers courses for which credits are accepted by the partner, and any credit limitations.

1. www.wiu.edu/student_services/undergraduate_admissions/linkages.php
2. www.wiu.edu/student_services/undergraduate_admissions/transfer/guides/
3. www.wiu.edu/student_services/undergraduate_admissions/transfer/2plus2/
4. [www.wiu.edu/student_services/undergraduate_admissions/transfer/Participating IAI Majors.php](http://www.wiu.edu/student_services/undergraduate_admissions/transfer/Participating_IAI_Majors.php)
5. <https://itransfer.org/courses/participatingschools.php>
6. www.wiu.edu/catalog/
7. <https://itransfer.org/>
8. <https://transferology.com/index.htm>
9. www.wiu.edu/university_technology/stars/

New transfer students can enroll at Western beginning their freshman year as part of the Linkages Program. Students complete courses at partnering community colleges and Western at the same time during their freshman and sophomore years.

The Linkages Program Web Page lists the community college participants and other programmatic information. The Linkages Program is a general institutional agreement. Student participation is informed by

information provided by academic advisors and the [Transfer Guide Web Page](#) that shows major-specific courses that transfer by institution and discipline. All course articulations are approved by the faculty to ensure course equivalency and academic rigor.

The [2+2 Articulation Agreement Web Page](#) displays four-year degree plans for articulated majors at partner community colleges. The [Participating IAI Majors Web Page](#) displays majors that are part of the statewide, Illinois Articulation Initiative. The Illinois Transfer Portal lists [participating IAI institutions](#).

Provide the web address where current and prospective student can ascertain the institution's transfer requirements in addition to what will and will not transfer.

Listed in order of occurrence:

1. www.wiu.edu/student_services/undergraduate_admissions/transfer/requirements.php
2. www.wiu.edu/student_services/undergraduate_admissions/transfer/articulation.php
3. www.wiu.edu/catalog/
4. www.wiu.edu/student_services/undergraduate_admissions/transfer/guides/
5. [www.wiu.edu/student_services/undergraduate_admissions/transfer/Participating IAI Majors.php](http://www.wiu.edu/student_services/undergraduate_admissions/transfer/Participating_IAI_Majors.php)
6. <https://itransfer.org/>
7. <https://transferology.com/index.htm>
8. www.wiu.edu/university_technology/stars/

Transfer admissions requirements are provided on the [Admissions web page](#) and in the *Undergraduate Catalog*. Western also provides prospective transfer students with information about course transfer in the [Transferring Your College Credits Web Page](#) and the *Evaluation of Transferable General Education Credit* and *Evaluation of Baccalaureate Major Transfer Credit Guidelines* stated in the *Undergraduate Catalog*.

Furthermore, Western offers several sources of web-based information and tools. Students and advisors engage in real-time degree planning, including the identification of transferrable and non-transferrable courses.

- The [Undergraduate Catalog](#) displays Western courses that match Illinois Articulation Initiative General Education Core Curriculum course descriptions as of July 1, 2019.
- The [Transfer Guide Web Page](#) shows discipline-specific course equivalencies by community college for programs where Western has articulation agreements.
- The [Participating IAI Majors Web Page](#) sends the end-user the external [iTransfer Web Page](#) where they can find IAI majors and discipline-specific, transferrable courses.
- [Transferology](#) enables students to see how courses transfer to Western from the school that they are attending. Course equivalencies and planning guides are determined through Transferology's transfer articulation system.
- Western's Audit of Requirements for Degrees (WARD) is an automated record of a student's academic progress toward degree completion. Students view their WARD report through [Student and Alumni Registration System](#).

4. Practices for Verification of Student Identity

Does the institution have students enrolled in distance or correspondence courses, as defined in federal definitions?

Yes

No (If no, please move on to Title IV Program Responsibilities)

How does the institution verify the identity of students enrolled in these courses?

Listed in order of occurrence:

1. www.wiu.edu/policies/password.php
2. www.wiu.edu/vpas/policies/acintegrity.php
3. www.wiu.edu/vpas/administrative_procedures_handbook/ssn.php

Students and employees authenticate with a secure, user-specific login and password to use WIU networks and software. Passwords are set in accordance with Western's [Password Policy](#). All end users are uniquely identified. Users are prohibited from logging into any system or network anonymously.

Students are governed by the [WIU Student Academic Integrity Policy](#) and are prohibited from taking an examination or any portion of a course for another student. Protocol is strictly followed to ensure that the student who enrolls in a course is the same student who submits assignments, takes exams, and earns a final grade. Western has experienced 35 online undergraduate Academic Integrity Violations since academic year 2016-2017, with only one infraction during academic year 2018 – 2019. Western also experienced 35 Violations at the graduate level during this time, with four occurring in academic year 2018 – 2019.

How does the method of verification make reasonable efforts to protect student privacy?

Western also uses unique sign-on credentials in place of social security numbers in accordance with our [Social Security Number Usage and Protection Procedure](#) to protect student identity and privacy.

The login/password authentication is required for several online systems (including the University's learning management system and email) and is the main method of communication at Western. During the initial account creation process, students generate verification questions that can be used as challenge questions.

Students are further protected by a high-speed, reliable and secure network that includes a 1GB internet egress, redundant critical infrastructure assets, and strong internal processes to reduce downtime and increase availability of technology services. Western has had no reportable data breaches within the past three years, indicating that student privacy protection efforts are effective. Furthermore, Western has a program that allows students to opt out of their contact information being placed on Western's public directory. To improve upon past cybersecurity performance, Western is reviewed by an external audit firm on an annual basis to evaluate the effectiveness of our efforts to protect student privacy, among other objectives. Western is currently addressing one material finding related to data protection.

Are there any additional costs (e.g., fees associated with test proctoring) charged directly to the student because of this method?

Yes

No

If yes, how are the additional costs disclosed to students prior to enrollment in a distance or correspondence course?

There are no costs for exams proctored on campus, face-to-face. Students may be charged by other institutions that administer proctoring at their facility. The [Testing Center web page](#) states, “Students unable to take their exams at Western’s Macomb or Quad Cities campuses must complete an Exam Request Form found on their class web page or the student may contact the instructor. Students should arrange for an acceptable proctor to conduct the examination and are responsible for fees assessed and postage to return the exam.”

Additionally, Western faculty can opt to use Respondus LockDown Browser®, which requires students to purchase a \$15 annual subscription (which can then be used for any number of exams and classes for the year). Respondus is a custom browser that locks down the testing environment within Western Online (Western’s learning management system). When students use Respondus, they are unable to print, copy, go to another URL, or access other applications. When an assessment is started, students are locked into it until they submit it for grading. The lockdown browser is available for Windows, Mac, and iOS.

Students are informed of potential additional costs for examination proctoring through the “Additional Course Information” area of the Student and Alumni Registration System (STARS) [Course Search](#) Screen, which is the online schedule and system used for class registration. [Course Search](#) is available to the public by selecting Quick Look and Course Search.

There are no additional distance charges to students. Effective fall 2019, Western eliminated the \$50/credit hour distance learning charge to off-campus students. All students pay for tuition, fees, and course verification charges (if used).

Provide the web address where the public can access information regarding the additional costs.

1. www.wiu.edu/CITR/testingcenter/index.php
2. www.wiu.edu/university_technology/stars/ and select Quick Look and Course Search.

5. Title IV Program Responsibilities

Institutions that do not receive Title IV funding should skip this section and go to item 6, Publication of Student Outcome Data.

This requirement has several components the institution must address. The institution staff compiling this information should work with the financial aid office and the chief financial officer or comptroller. For more information see Federal Requirement 34 CFR §602.16(a)(1)(x).

General Program Responsibilities

- a. What is the current status of the institution’s Title IV program (e.g., recertified on date x, provisionally certified on date x, etc.)?

Western Illinois University was provisionally certified on October 9, 2018.

b. When was the institution's most recent Title IV program review?

Date: September 24, 2018.

c. Has the institution been audited or inspected by the Office of the Inspector General of the U.S. Department of Education since the last comprehensive evaluation by HLC?

Yes

No

Provide the most recent Title IV program review, or other inspection or audit report since the last comprehensive evaluation by HLC, as **Appendix A**.

d. List any limitation, suspension or termination actions imposed on the institution by the U.S. Department of Education (hereafter referred to as "the Department") since the last comprehensive evaluation by HLC and the reason for such actions. (Use N/A for not applicable.)

N/A.

e. List any fines, letters of credit or heightened cash monitoring imposed on the institution by the Department since the last comprehensive evaluation by HLC and the reason for such actions. (Use N/A for not applicable.)

N/A.

f. What response and corrective actions have the institution taken in regard to these Department actions? (Use N/A for not applicable.)

N/A.

g. What are the consequences of these actions by the Department for the institution's short- and long-term financial health? (Use N/A for not applicable.)

N/A.

h. What are the findings from the OMB Circular A-133 portion of the institution's three most recent audited financial statements, which identifies material weaknesses in the processing of financial aid?

1. N/A

2. N/A

3. N/A

i. In which of the following Title IV federal financial aid programs does the institution participate? Select all that apply:

- Pell Grant
- Federal Family Education Loan
- Federal Direct Stafford Loan
- Direct PLUS Loan
- Federal Supplemental Educational Opportunity Grant
- Federal Work Study
- Perkins Loans
- Academic Competitiveness Grant

Provide action letters issued by the Department that explain its rationale for any actions described in D, E and H (if applicable) and provide any reports issued by the institution, if available, demonstrating improvement as **Appendix B.**

N/A.

For more information see Federal Requirement 34 CFR §668.16.

Financial Responsibility Requirements

a. What were the outcomes of the three most recent Department reviews of the institution's composite ratios and financial audits?

1. Single Audit for the Year Ended June 30, 2016: no financial liability
2. Single Audit for the Year Ended June 30, 2017: no financial liability
3. Single Audit for the Year Ended June 30, 2018: no financial liability
4. Single Audit for the Year Ended June 30, 2019: no financial liability

b. Have there been any fines, penalties, letters of credit or other requirements imposed by the Department as a result of these reviews?

Yes

No

Note: HLC also annually analyzes each institution's financial ratios to determine whether there might be financial concerns. The peer review team checks with the institution and the HLC staff to determine whether HLC or the Department has previously raised concerns about the institution's finances based on these ratios.

c. What actions has the institution taken or does it plan to take in response to any concerns raised by HLC or the Department? Please insert narrative below. (Use N/A for not applicable.)

N/A

Provide any action letters issued by the Department that explain its rationale for any actions it may have taken (if applicable) and evidence of institutional improvement as **Appendix C**.

For more information see Federal Requirements 34 CFR §§668.15, 668.23, 668.171, 668.173, and 668.174.

Campus Crime Information, Athletic Participation and Financial Aid, and Related Disclosures

Title IV responsibilities include the legal obligation to disclose information to students and to the public about campus crime, athletic participation and financial aid.

- a. What administrator or office on campus is responsible for ensuring that these disclosures are regularly compiled and published and that the data are accurate?

Campus Crime: Crime logs, data, and information are reported following *Clery Act* (U.S. Department of Education) and the *Illinois Crimes Code (Campus Safety & Security Act)* standards by using *Federal Uniformed Crime Reporting definitions*. The following University officials provide statutorily required crime reporting:

- Mr. Joseph Roselieb, Director of Insurance, Risk Management, and Compliance
- Ms. Darcie Shinberger, Executive Director of University Communications
- Mr. Derek Watts, Director, Office of Public Safety

Athletic Participation: Intercollegiate Athletics, Athletic Academic Services, is responsible for certification of NCAA eligibility for new freshmen and transfers with assistance from the Office of the Registrar. That office is also responsible for verifying NCAA continuing eligibility for student-athletes and assisting the Compliance Coordinator in required reporting. The Office of Equal Opportunity and Access and the Office of Institutional Research and Planning provide information related to the Equity in Athletics Disclosure Act and Student Right-to-Know Act, respectively. University Relations assists with web postings. University administrators and personnel engaged in these processes are:

- Ms. Angela Bonifas, Director, Institutional Research and Planning
- Ms. Roberta Smith, Director, Financial Aid
- Ms. Holly Van Vlymen, Athletics Academic Coordinator, Advising and Academic Services Center
- Ms. Beth Wilson, Academic Advisor, Intercollegiate Athletics
- Ms. Joani Wilson, Associate Registrar
- Mr. Mark Izquierdo, Compliance Coordinator, Intercollegiate Athletics
- Ms. Darcie Shinberger, Executive Director, University Communications
- Ms. Danielle Surprenant, Director, Intercollegiate Athletics

Financial Aid: The Financial Aid Office oversees all Consumer Reporting. The following University collaborates with the following departments to disperse information. University administrators engaged in these processes are:

- Ms. Roberta Smith, Director, Financial Aid
- Dr. Francis Godwyl, Dean, College of Education and Human Services
- Mr. Doug Freed, Director, Undergraduate Admissions and Enrollment Services
- Dr. Randy Glean, Director, School of Global Studies
- Dr. Lorette Oden, Interim Dean, Centennial Honors College

- Ms. Chrystal Johnson, Bursar
- Ms. Samantha J Klingler, Director for Student Development and Success, Student Development and Success Center
- Dr. Angela Lynn, Director, Registrar's Office
- Mr. Jeff Moore, Retail Manager, WIU Book Store
- Mr. John Smith, Interim Vice President of Student Services and Director, Beu Health Center
- Ms. Gretchen Sullivan, Assistant Director, School of Graduate Studies
- Ms. Danielle Surprenant, Director, Intercollegiate Athletics
- Mr. Derek Watts, Director, Office of Public Safety

b. Has the institution been the subject of any federal investigation related to any of the required disclosures for Title IV responsibilities?

Yes

No

If yes, does the institution have any findings from the Department regarding these disclosures?

Yes

No

If yes, explain any findings related to any of the required disclosures for Title IV and corrective action plans the institution may have to remedy the findings.

c. Provide the web address where this information is made available to the public.

Campus Crime

- wiu.edu/clery
- www.wiu.edu/vpas/public_safety
- www.wiu.edu/higher_education_act/

Athletic Participation

- goleathernecks.com/documents/2018/10/26/EADA_Report_FY17.pdf
- goleathernecks.com
- wiu.edu/clery/gradrates.php

Financial Aid

- www.wiu.edu/student_services/financial_aid/consumer_info/
- The Consumer Information tab is also available on the left hand side at www.wiu.edu/student_services/financial_aid/

For more information see Federal Requirements 34 CFR §§668.41, 668.42, 668.43, 668.44, 668.46, and 668.49.

Student Right to Know/Equity in Athletics

Title IV responsibilities require that institutions provide to students and the public graduation/completion rates for the student body by gender, ethnicity, receipt of Pell grants and other data as well as information about the process for withdrawing as a student, cost of attendance, policies on refund and return of Title IV financial aid, current academic programs and faculty, names of applicable accrediting agencies, description of facilities for disabled students, and the institution's policy on enrollment in study abroad. In addition, certain institutions need to disclose their transfer-out rate. Also, institutions with athletic programs are required to disclose athletic participation rates and financial support data.

a. What administrator or office on campus is responsible for ensuring that these disclosures are regularly compiled and published and that the data are accurate?

1. www.wiu.edu/IRP/factbook.php
2. <http://www.wiu.edu/aasp/>
3. www.wiu.edu/registrar/refunds.php
4. www.wiu.edu/student_services/financial_aid/costs/
5. www.wiu.edu/policies/refcred.php
6. www.wiu.edu/catalog/
7. www.wiu.edu/graduate_studies/catalog/
8. www.wiu.edu/provost/accredit.php
9. www.wiu.edu/student_services/disability_resource_center/
10. www.wiu.edu/vpas/policies/abroad.php

Reporting Requirement	Responsible Office
Graduation/completion rates for the student body by gender, ethnicity, receipt of Pell grants and other data	<u>Institutional Research and Planning</u>
Information about the process for withdrawing as a student	<u>Office of the Registrar</u>
Cost of attendance	<u>Financial Aid Office</u>
Policies on refund and return of Title IV financial aid	<u>Financial Aid Office</u>
Current academic programs and faculty	Office of the Provost and Academic Vice President: <u>Undergraduate Catalog</u> and <u>Graduate Catalog</u>
Names of applicable accrediting agencies	<u>Office of the Provost and Academic Vice President</u>
Description of facilities for students with disabilities	<u>Disability Resource Center (Physical Access)</u>
Institution's policy on enrollment in study abroad	<u>School of Global Studies</u>

b. Has the institution been the subject of any federal investigation related to any of the required disclosures for Student Right to Know/Equity in Athletics?

Yes

No

If yes, does the institution have any findings from the Department regarding these disclosures?

Yes

No

If yes, explain any findings related to any of the required disclosures for Student Right to Know/Equity in Athletics and corrective action plans the institution may have to remedy the findings.

c. Provide the web address where this information is made available to the public.

Reporting Requirement	Web Address
Graduation/completion rates for the student body by gender, ethnicity, receipt of Pell grants, and other data With web pages to the right indicated in parentheses, WIU provides Clery Act information (1), retention, graduation and time-to degree information by selected demographic comparisons (2), and retention and graduation rates of all students, minority students, Pell grant recipients (3).	1. www.wiu.edu/clery/gradrates.php 2. www.wiu.edu/IRP/factbook.php 3. www.wiu.edu/aasp/university_php
Information about the process for withdrawing as a student Information is presented on web pages (4-7), and in <i>Undergraduate</i> and <i>Graduate Catalogs</i> (8-9).	4. www.wiu.edu/registrar/refunds.php 5. www.wiu.edu/policies/withdraw.php 6. www.wiu.edu/student_services/student_development_office/withdawalChecklist.php 7. www.wiu.edu/policies/refcred.php 8. http://www.wiu.edu/catalog/2020_2021/admission/refund.php 9. www.wiu.edu/graduate_studies/catalog/academic_guidelines/index.php#withdrawal
Cost of attendance Information is presented on web pages (10-12) and in <i>Undergraduate</i> and <i>Graduate Catalogs</i> (13-14).	10. www.wiu.edu/student_services/financial_aid/costs/ 11. www.wiu.edu/about/costs/ 12. www.wiu.edu/vpas/business_services/tuition/ 13. http://www.wiu.edu/catalog/2020_2021/admission/tuition.php 14. www.wiu.edu/graduate_studies/catalog/costs_and_financial_assistance/index.php#tuition
Policies on refund and return of Title IV financial aid Information is presented in the <i>Financial Aid Handbook & Policies</i> (15).	15. www.wiu.edu/student_services/financial_aid/policies/RefundsAndWithdrawal.php
Current academic programs and faculty	16. www.wiu.edu/academics/

<p>Information on academic programs and faculty can be found in various locations on our website (16-19) as well as in the <i>Undergraduate</i> (20) and <i>Graduate Catalogs</i> (21); the latter also includes faculty listings with title, rank, highest degree earned, and the institution from which that degree was conferred.</p>	<p>17. wiu.edu/admissions/ and clicking on download our viewbook 18. www.wiu.edu/qc/admissions/ 19. wiu.edu/graduate_studies/viewbook_and_catalog.php 20. www.wiu.edu/catalog/ 21. www.wiu.edu/graduate_studies/catalog/</p>
<p>Names of applicable accrediting agencies</p> <p>Displayed on Western’s Accreditation Calendar (22) and in <i>Undergraduate</i> and <i>Graduate Catalogs</i> (23-24).</p>	<p>22. www.wiu.edu/provost/accredit.php 23. www.wiu.edu/catalog/ 24. www.wiu.edu/graduate_studies/catalog/</p>
<p>Description of facilities for students with disabilities</p> <p>The Disability Resource Center web page includes information from physical access, access with service animals, to residence hall and transportation accommodations among other things (25-32). Information on WIU-Quad Cities is also available (33).</p>	<p>25. Disability Resources - Western Illinois University (wiu.edu) 26. Physical Access - Western Illinois University (wiu.edu) 27. Service Animals - Western Illinois University (wiu.edu) 28. Documentation Guidelines and Forms - Western Illinois University (wiu.edu) 29. Students - Western Illinois University (wiu.edu) 30. Faculty and Instructors - Western Illinois University (wiu.edu) 31. Publications - Western Illinois University (wiu.edu) 32. Instructions and Policies - Western Illinois University (wiu.edu) 33. www.wiu.edu/qc/student_life/student_services/drc.php</p>
<p>Institution’s policy on enrollment in study abroad</p> <p>WIU publishes its <i>Study Abroad Policy</i> (34). Information is also included on the Financial Aid web page (35) and in <i>Undergraduate</i> and <i>Graduate Catalogs</i> (36-37).</p>	<p>34. www.wiu.edu/vpas/policies/abroad.php 35. www.wiu.edu/student_services/financial_aid/special_programs/studyabroad.php 36. www.wiu.edu/catalog/ 37. www.wiu.edu/graduate_studies/catalog/</p>

For more information see Federal Requirements 34 CFR §§668.41, 668.45, 668.48, and 668.8.

Satisfactory Academic Progress Policy

The institution is required to have a Satisfactory Academic Progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under Title IV, HEA programs.

a. Is such a policy readily available to students?

Yes

No

b. Does it satisfy federal requirements?

Yes

No

c. Does the institution have any findings from the Department regarding this policy?

Yes

No

If yes, explain any findings related to any of the required disclosures for Satisfactory Academic Progress and corrective actions that may have been required by the Department related to these findings.

d. Provide the web address where this information is made available to the public.

www.wiu.edu/student_services/financial_aid/policies/SatisfactoryProgress.php

For more information see Federal Requirement 34 CFR §668.34.

6. Publication of Student Outcome Data

Student outcome data, as defined in federal definitions, should be made available to the public through the institution's website—for instance, linked to the institution's home page, included within the top three levels of the website or easily found through a search of related terms on the website—and should be clearly labeled as such. Any technical terms in the data should be defined, and any necessary information on the method used to compile the data should be included. Data may be provided at the institutional or department level or both, but the institution must disclose student outcome data that address the broad variety of its programs, (both undergraduate and graduate, as applicable) including outcome data from each program level.

Are student outcome data published on the institution's website following the specifications above?

Yes: The Student Outcomes web page can be found under Consumer Information on the Financial Aid web page.

No

Provide a link to the web page(s) that contains the student outcome data.

Web address(es):

1. www.wiu.edu/clery/gradrates.php
2. www.wiu.edu/student_services/financial_aid/consumer_info/StudentOutcomes.php
3. http://www.wiu.edu/student_services/financial_aid/
4. www.wiu.edu/IRP/cds/
5. www.wiu.edu/IRP/factbook.php
6. www.wiu.edu/student_services/financial_aid/pdf/1819/NCAA%20Graduate%20Data.pdf
7. goeathernecks.com/documents/2016/10/14/EADA_Report_Oct_2016.pdf

8. www.wiu.edu/IRP/surveys.php

Following is an explanation of the web addresses displayed above. In compliance with the *Student Right-to-Know and Campus Security Act* (Public Law 101-542) and as amended by the *Higher Education Technical Amendments* (Public Law 102-26), Western discloses graduation rate comparisons of all students and student-athletes.

34 CFR § 602.16 - Accreditation and preaccreditation standards states, “Success with respect to student achievement in relation to the institution's mission, which may include different standards for different institutions or programs, as established by the institution, including, as appropriate, consideration of State licensing examinations, course completion, and job placement rates.” Following this definition, Western’s Student Learning Outcome Web Page provides access to the following web pages in relation to student achievement of learning and student persistence, retention, and completion rates.

- Graduation Rate & Retention provides access to the WIU Common Data Set submissions and Retention and Graduation tables. These data sources display six-year graduation rates of certificate or degree-seeking, first-time, full-time undergraduate students and retention rates, including those receiving federal Pell Grant and student loans. Additional information is also available from the annual WIU Fact Book.
- Graduation Success Rates for Student Athletes provides PDF access to information for degree-seeking first-time, full-time undergraduates who received athletically related student aid.
- The Report on Athletic Program Participation Rates and Financial Support Data (Equity in Athletics Disclosure Act - EADA) contains participation rates, financial support, and other information on men's and women's intercollegiate athletic programs.
- The WIU Alumni Surveys web page provides results of alumni surveyed one, five, and nine years after graduation.

For more information see Federal Requirement 34 CFR §602.16(a)(1)(i).

7. Standing with State and Other Accrediting Agencies

List any relationships the institution has with any specialized, professional or institutional accreditor or with any governing or coordinating bodies in states in which the institution has a presence. Note whether the institution or any of its programs is on a sanction, is provisionally approved or has lost status with any state agency or accrediting body.

The following table displays relationships Western has with any specialized, professional, or institutional accreditor or with any governing or coordinating bodies in states in which Western has a presence. No Western programs are on sanction or provisionally approved. Western has not lost status with any state agency or accrediting body.

Accrediting Body	Degree / Option	Status	Last Date of Accreditation	Next Date of Accreditation
<u>The Higher Learning Commission</u>	University	Accreditation Continued	2011	2020-2021

Accrediting Body	Degree / Option	Status	Last Date of Accreditation	Next Date of Accreditation
<u>National Council for Accreditation of Teacher Education</u>	All Teacher Licensure Programs	Accreditation Continued	2012	Withdrew from NCATE in 2019 Next with ISBE in 2021
<u>Illinois State Board of Education</u>				
<u>ABET: Engineering Accreditation Commission of ABET</u>	B.S. in Engineering, B.S. in Mechanical Engineering	Accredited	2018	2021-2022
<u>Academy of Nutrition and Dietetics/Accreditation Council for Education in Nutrition and Dietetics</u>	B.S. in Dietetics	Full Accreditation Continued	2017	2023-2024
<u>American Speech-Language-Hearing Association/Council on Academic Accreditation</u>	M.S. in Speech Pathology	Reaccredited	2017	2025
<u>AACSB International-The Association to Advance Collegiate Schools of Business</u>	Bachelor of Business (Accountancy, Economics, Finance, Human Resource Management, Management, Marketing, Supply Chain Management); Master of Business Administration; Master of Accountancy	Accreditation Extended	2015	2024-2025
<u>ATMAE-The Association of Technology, Management, and Applied Engineering</u>	B.S. in Construction Management, B.S. in Engineering Technology	Accreditation Granted	2015	2021
<u>Commission on Collegiate Nursing Education</u>	Bachelor of Science in Nursing	Accreditation Granted	2015	2025
<u>Council for Accreditation of Counseling & Related Educational Programs</u>	M.S.Ed. in Counseling	Accredited	2017-2018	2022
<u>Council on Social Work Education/Commission on Accreditation</u>	Bachelor of Social Work	Accreditation Reaffirmed	2017	2024

Accrediting Body	Degree / Option	Status	Last Date of Accreditation	Next Date of Accreditation
<u>Iowa College Student Aid Commission</u>	Museum Studies and Distance Education certificate and degree programs	Registration Renewal	2017	Discontinued registration summer 2020
<u>Masters in Psychology and Counseling Accreditation Council</u>	M.S. in Psychology--option in Clinical/Community Mental Health	Accreditation Approved	2017	2027
<u>National Association of Schools of Art and Design</u>	B.A. in Art, B.F.A. in Art, M.A. in Museum Studies	Accredited, Associate Member	2016	2021-2022
<u>National Association of Schools of Music</u>	B.A in Music, B.M. in Music, M.M. in Music	Accredited, Associate Member	2019	2025-2026
<u>National Association of Schools of Theatre</u>	B.A. in Theatre, M.F.A. in Theatre, B.F.A. in Musical Theatre	Accredited, Membership Granted	2016	2026-2027
<u>National Council for State Authorization Reciprocity Agreements</u>	Institution	Approved	2018-2019	2019-2020
<u>National Recreation and Park Association/Council for Accreditation of Parks, Recreation, Tourism and Related Professions</u>	B.S. in Recreation, Park and Tourism Administration	Accreditation Continued	2015	2021-2022
<u>Commission on English Language Program Accreditation</u>	WESL Institute	Reaccreditation Continued	2018	2027

Provide the web address where students and the public can find information about the institution's standing with state agencies and accrediting bodies.

Web address: www.wiu.edu/provost/accredit.php

For more information see Federal Requirements 34 CFR §§602.28, 668.41 and 668.43.

List of Appendices

Please read each section of this document carefully for instructions on the information and material to be included in these appendices.

Title IV Program Responsibilities

- Appendix A General program responsibilities: Most recent program review or other inspection or audit reports since last comprehensive evaluation. **Attached.**
- Appendix B General program responsibilities: Action letters issued by the Department that explain its rationale for any Department actions any reports issued by the institution, if available, demonstrating improvement. **N/A.**
- Appendix C Financial responsibility requirements: Action letters issued by the Department that explain its rationale for any actions it may have taken (if applicable) and evidence of institutional improvement. **N/A.**



September 24, 2018

Dr. Jack Thomas
President
Western Illinois University
1 University Circle
Macomb, IL 61455-1390

Certified Mail
Return Receipt Requested
7005 1820 0007 5356 8427

RE: **Final Program Review Determination**
OPE ID: 00178000
PRCN: 2018-2-05-29813

Dear Dr. Thomas:

The U.S. Department of Education's (Department's) Chicago/Denver School Participation Division issued a program review report on June 20, 2018 covering Western Illinois University's (WIU's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2016-2017 award year. WIU submitted its response to the Department on August 30, 2018. A copy of the program review report (and related attachments) and WIU's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by WIU upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, and (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are \$981.37.

This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION
Chicago/Denver School Participation Division
500 W. Madison, Suite 1576
Chicago, IL 60661

and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Program Review Student Sample. In addition, Appendices D and F also contain PII. These appendices were encrypted and sent separately to the institution via e-mail.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the June 20, 2018 program review report. If WIU wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date WIU receives this FPRD. An original and four copies of the information WIU submits must be attached to the request. The request for an appeal must be sent to:

Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

WIU's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position; and
- (3) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

When it submits its request for appeal, the institution may also include documentation it believes the Department should consider in support of the appeal.

If any appeal documents include personally identifiable information (PII), the PII must be redacted, except for the student's name and last four digits of his/her social security number (please see the enclosed document, "Protection of Personally Identifiable Information," for instructions on how to mail records containing PII).

If the institution's appeal is timely, the request for appeal will be transmitted to the Department's Office of Hearings and Appeals (OHA), for an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The Hearing Official assigned to the case will issue an order scheduling the submission of briefs and supporting evidence in accordance with

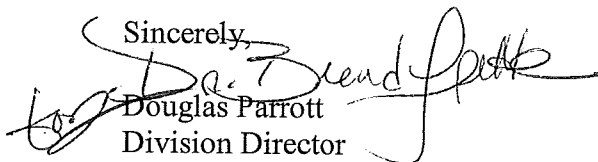
34 C.F.R. § 668.114(c). The institution may therefore submit additional documentation supporting its appeal request at that time. Further, if the institution is appealing a projected liability amount, it may provide detailed liability information from a complete file review, either at the time it initially submits its appeal request or pursuant to the proceedings at OHA. The procedures followed with respect to WIU's appeal are those provided at 34 C.F.R. Part 668, Subpart H. Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Monica N. Avina at (312) 730-1449 or Monica.Avina@ed.gov.

Sincerely,


Douglas Parrott
Division Director

Enclosures:

Program Review Report (Appendix and Attachments)
Protection of Personally Identifiable Information
Final Program Review Determination Report (and appendices)

cc: Terri Hare, Director of Financial Aid
Illinois Board of Higher Education
North Central Association of Colleges, The Higher Learning Commission
U.S. Department of Veteran Affairs
U.S. Department of Defense
Consumer Financial Protection Bureau

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip, however, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using Win Zip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy and electronic files containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for

Western Illinois University

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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OPE ID 00178000
PRCN 201820529813

Prepared by
U.S. Department of Education
Federal Student Aid
Chicago/Denver School Participation Division

Final Program Review Determination

September 24, 2018

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A. Institutional Information

Western Illinois University
1 University Circle
Macomb, IL 61455-1390

Type: Public

Highest Level of Offering: Master Degree or PhD

Accrediting Agency: North Central Association of Colleges and Schools, the Higher Learning Commission

Current Student Enrollment: 9,441 Students (Fall 2017)

% of Students Receiving Title IV: 67% (2017-2018 Award Year)

Title IV Participation (PCNET School Funding Report): 2017-18 Award Year

Federal Pell Grant Program	\$18,334,828.00
Federal Direct Loan Program	\$65,118,621.00
Federal Perkins Loan Program	\$11,000.00
Federal Supplemental Educational Opportunity Grant	\$485,223.00
Federal Work Study Program	\$495,177.00

Default Rate FFEL/DL (School Default Rates):

2014:	7.6%
2013:	7.1%
2012:	5.5%

Default Rate Perkins (PEPS):

2016:	25.6%
2015:	17.6%
2014:	13.3%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Western Illinois University (WIU) from March 6, 2018 to March 8, 2018. The review was conducted by Herschel D. Wallace III and Monica N. Avina.

The focus of the review was to determine WIU's compliance with the statutes and regulations as they pertain to the institution's administration of the Federal student aid programs under Title IV of the Higher Education Act of 1965, as amended, U.S.C. §§ 1070 *et seq.* (Title IV programs). The review consisted of, but was not limited to, an examination of WIU's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and consumer information requirements.

A sample of 15 files was identified for review from the 2016-2017 award year. The student files were selected randomly from the list of students who 1) withdrew or ceased attendance for any reason other than graduation; 2) were selected for verification; and, 3) received all non-passing grades ("0" GPA) for any term within the award year being reviewed. In addition the reviewers selected one additional student with all non-passing grades as one of the selected students in this category had a passing grade. Appendix A identifies the students whose files were examined during the program review.

The Department issued its Program Review Report (PRR) on June 20, 2018 (Appendix B). WIU submitted its response to the PRR with supporting documentation on August 30, 2018 ("Response"), included as Appendix C.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning WIU's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve WIU of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Final Determinations

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the established statutes and regulations and specify the actions to be taken by WIU to bring operations of the financial aid programs into compliance with the statutes and regulations.

Resolved Findings:

WIU has taken the corrective actions necessary to resolve findings 1 and 2 of the program review report. Therefore, these findings may be considered closed. Findings requiring additional comments and/or further action by WIU are discussed below.

Findings with Established Liabilities:

Finding 3: Institution Failed to Timely Report Change/Update Application

Summary of Noncompliance:

A currently designated eligible institution that wishes to expand the scope of its eligibility and certification and disburse Title IV, HEA program funds to students enrolled at that expanded scope must apply to the Secretary and wait for approval if the institution participates in the Title IV, HEA programs under a provisional certification. See 34 C.F.R. § 600.20(c)(1)(i).

Institutions that are not required to apply to the Secretary and wait for approval under § 600.20(c)(1) must report to the secretary within 10 days of a change in its eligibility application, the establishment of an accredited and licensed additional location at which it offers or will offer 50 percent or more of an educational program if the institution wants to disburse Title IV, HEA program funds to students enrolled at that location. See 34 C.F.R. § 600.21.

WIU failed to notify the Department within the regulatory timeframe that it had opened ten additional locations. WIU was approved by the Higher Learning Commission (HLC) to offer classes at six additional locations as of April 23, 2014, two additional locations as of July 9, 2014, one additional location as of August 10, 2015, and one additional location as of September 9, 2016. The State of Illinois, per state statute, does not require WIU to obtain approval to offer programs at additional locations. WIU has been fully

certified since at least 2001 and, therefore, fully certified on the dates when the additional locations were opened. The Director of Financial Aid discovered the reporting error during her preparation for the submission of WIU's recertification. Specifically, the Director of Financial Aid compared the additional locations on the Eligibility and Certification Approval Report (ECAR) with the list of additional locations approved by HLC and identified that these ten additional locations were not listed on the ECAR. The Director of Financial Aid subsequently reported these additional locations to the Department on September 25, 2017 with its recertification application.

During the program review, the reviewers directed WIU to confirm that 50% or more of a degree program could be earned at the ten additional locations to determine which additional locations were required to be reported on the ECAR. The Director of Financial Aid consulted with the academic departments and determined that five of the additional locations- 00178028, 00178029, 00178030, 00178031, and 00178032 - offered 50% or more of an educational program.¹ WIU corrected the request for the addition of the additional locations to include only the five additional locations that offered 50% or more of a degree program. WIU was notified that it may, if it so wishes to do so, also report those locations that offer less than 50% of an educational program. The Director of Financial Aid provided a statement to the Department indicating that Title IV funds were not offered at these locations until after they were approved by HLC. Nevertheless, WIU failed to report the additional locations to the Department within the required 10 day timeframe.

Directives from the PRR:

WIU was required to provide documentation to substantiate its claim that Title IV funds were not disbursed until after HLC had approved the new additional locations that offered 50% or more of a degree program. WIU was also required to provide a revised policy and/or procedure that specified that new additional locations will be reviewed and reported to the Department within the 10 day reporting period as required by federal regulation. The required documentation was to be submitted with WIU's response to the program review report.

Analysis of Liability Determination:

¹ Location 00178028 opened 08/10/15; location 00178029 opened 07/09/14; location 00178030 opened 08/02/16; location 00178031 opened 08/25/14; and location 00178032 opened 07/09/14.

In its response, WIU neither agreed nor disagreed with this finding. WIU provided rosters (Excel spreadsheets) for each additional location where 50% or more of a program could be completed. The rosters listed students who attended classes at each additional location including the relevant academic term of attendance. The rosters also specified whether or not students received Title IV aid for classes taken at each additional location for a program that could be completed 50% or more at each location. In addition, WIU provided its procedure for reporting additional locations to the Department.

The Department reviewed the institution's procedure and considers it minimally sufficient; however, WIU is advised it must make the procedure more robust as changes are required to be reported to the Department within 10 days. WIU must continue to refer to the regulations to ensure that it is at all times compliant with the reporting requirements related to additional locations. Furthermore, WIU is reminded that it must self-determine if it is required to apply and wait for approval prior to disbursing Title IV funds to students enrolled at a newly accredited location or if it is subject to the 10 day reporting requirement. WIU must continue to refer to 34 C.F.R. § 600.21 and should refer to Volume 2, Chapter 5, of the Federal Student Aid Handbook for information regarding updates to the E-App and the changes and conditions that require a school to apply and wait for approval.²

The Department reviewed the spreadsheets provided by WIU containing the information related to the students who enrolled for classes for programs that could be completed 50% or more at the additional locations (see Appendix D). Upon review of the data provided by WIU, the Department determined that for some of the additional locations in question, WIU disbursed Title IV funds to students prior to obtaining HLC approval for the additional locations.³ The total amount of liabilities (interest) owed as a result of this finding are summarized below:

TEACH Grant—Principal Total	\$940.00
TEACH Grant – Interest Total	\$41.31
<hr/>	
TEACH Grant—Total	\$981.31

The unduplicated amount of liability for this finding is set forth in the “Liabilities” chart in Part D of this FPRD. Payment instructions are provided in Part E.

² Available at <https://ifap.ed.gov/fsahandbook/attachments/1718FSAHbkVol2Ch5.pdf>

³ Location 00178028, Location 00178029, Location 00178031 and Location 00178032.

The total amount of Direct Loan that WIU improperly disbursed during the 2013-2014 award year for this finding is \$45,070.00. However, in lieu of requiring the institution to assume the risk of default by purchasing the ineligible loans from the Department, or asserting a liability for the entire loan amount, the Department determines a liability for the estimated loss (EL) that the government may incur with respect to the ineligible loans. As a result of this calculation, no liability based on estimated loss will be established for this finding. Appendix E contains the results of the calculation of the EL.

D. Summary of Liabilities

Liabilities	TEACH Principal Due to ED	TEACH Interest	Direct Loan Estimated Loss (EL)	Total
Finding 3, Institution Failed to Timely Report Change/Update Application	\$940.00	\$ 41.37	\$ 0.00	\$981.37
TOTAL (Rounded)	\$940.0	\$41.00	\$0.00	\$981.00
Payable To:	Paid through G5	Not Collected by ED.		

E. Payment Instructions

1. Liabilities Owed to the Department

Liabilities Owed to the Department Less Than \$1,000

Since the total liability amount owed to the Department is minimal (less than \$1,000), a receivable is not being established with the Department's Accounts Receivable & Bank Management Group. However, WIU remains responsible, in its role as a fiduciary for Title IV, HEA federal funds, for making restitution to the appropriate account in the amount indicated in the applicable finding and must satisfy all program reporting requirements in making any required adjustments in COD. Upon making any necessary adjustments in COD, any funds owed must be returned to the Department via G5. In addition, WIU must ensure that it has corrected its procedures so that this type of finding does not recur or is not repeated. A copy of the adjustment to each student's COD record, as applicable, as well as proof that the funds were returned through G5, if applicable, must be sent to Monica N. Avina **within 45 days of the date of this letter.**

TEACH- Closed Award Year

Finding: 3

Appendix: F

WIU must repay:

Amount (Principal)	Award Year
\$940.00	2013-2014
Total Principal	
\$940.00	

The disbursement record for each student identified in Appendix F to the applicable finding must be adjusted in the Common Origination and Disbursement (COD) system based on the ineligible disbursement identified in the Appendix F.

WIU is liable for \$41.00 in interest costs to the Department for the ineligible disbursements. Since this amount is minimal (less than \$1,000.00), a receivable is not being established with the Department's Accounts Receivable Group for this liability and will not be collected.

A copy of the adjustment to each student's COD record must be sent to Monica N. Avina **within 45 days of the date of this letter.**

F. Appendices

Appendix A: Program Review Student Sample

Appendix A contains personally identifiable information and will be emailed to WIU as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip will be sent in a separate email.

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Appendix B: Program Review Report (PRR)

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Prepared by
U.S. Department of Education
Federal Student Aid
Chicago, Denver School Participation Division

Program Review Report June 20, 2018

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A. Institutional Information

Western Illinois University
1 University Circle
Macomb, IL 61455-1390

Type: Private, Public

Highest Level of Offering: Master's Degree or PHD

Accrediting Agency: North Central Association of Colleges and Schools, the Higher Learning Commission

Current Student Enrollment: 9,441 Students (Fall 2017)

% of Students Receiving Title IV: 67% (2017-2018 Award Year)

Title IV Participation (PCNET School Funding Report): 2017-18 Award Year

Federal Pell Grant Program	\$18,334,828.00
Federal Direct Loan Program	65,118,621.00
Federal Perkins Loan Program	11,000.00
Federal Supplemental Educational Opportunity Grant	485,223.00
Federal Work Study Program	495,177.00

Default Rate FFEL/DL (School Default Rates): 2014: 7.6%
2013: 7.1%
2012: 5.5%

Default Rate Perkins (PEPS): 2016: 25.6%
2015: 17.6%
2014: 13.3%

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B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Western Illinois University (WIU) from March 6, 2018 to March 8, 2018. The review was conducted by Herschel D. Wallace III and Monica Avina.

The focus of the review was to determine WIU's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of WIU's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledger and consumer information requirements.

A sample of 15 files was identified for review from the 2016-2017 award year. The student files were selected randomly from the list of students who 1) withdrew or ceased attendance for any reason other than graduation; 2) were selected for verification; and, 3) received all non-passing grades ("0" GPA) for any term within the award year being reviewed. In addition the reviewers selected one additional student with all non-passing grades as one of the selected students in this category had a passing grade. Appendix A identifies the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning WIU's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve WIU of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the established statutes and regulations and specify the actions to be taken by WIU to bring operations of the financial aid programs into compliance with the statutes and regulations.

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Finding 1: Verification Violations

Noncompliance:

An applicant selected for verification is required to submit specific documentation that will verify the information used in determining the applicant's expected family contribution. See 34 C.F.R. § 668.56. If a student is selected for verification, an institution is responsible for confirming information reported on the student's application for financial aid. See 34 C.F.R. § 668.54.

WIU did not properly verify 2016-2-17 FAFSA information for the following student selected for verification by the CPS:

Student 5 – WIU failed to obtain the Verification Worksheet for this student to verify the family size and number in college. This student received Federal Pell Grant funds of \$2,907.00, Federal Direct Subsidized Student Loan funds of \$2,750.00 and Federal Direct Unsubsidized Student Loan funds of \$3,500.00 for the 2016-2017 award year.

Required Action:

WIU was directed to contact **Student 5** and obtain the Verification Worksheet for the 2016-2017 award year and complete the verification process for this student. WIU contacted the student and obtained the Verification Worksheet. Therefore, no further action is required for this finding.

Finding 2: Consumer Information Requirements Not Met

Noncompliance:

The Department requires an institution to make certain types of information available to any enrolled or prospective student through appropriate publications, mailings, or electronic media. The availability of this information must be provided in an annual notice to enrolled students and prospective students. See 34 C.F.R. § 668.41(d). For an institution that offers athletically related financial aid, an annual report must be produced that provides information about its athletes. See 34 C.F.R. § 668.48. The institution's policies and sanctions related to copyright infringement must contain certain specific types of information. See 34 C.F.R. § 668.43(a)(10). An institution is required to

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provide information about the completion and graduation rates of its certificate- or degree-seeking, first-time, full-time undergraduate students. See 34 C.F.R. § 668.45. Upon review of WIU's consumer information dissemination process, the reviewers determined that certain types of information were not provided as required by the Department's regulations. WIU does not send an annual notification to students containing the consumer information required to be disclosed. WIU, for athletically related financial aid, did not have the information for the four most recent graduating classes reported by sport and gender. WIU's copyright infringement policies did not have a statement that explicitly informs the students that unauthorized distribution of copyright materials, including unauthorized peer-to-peer file sharing, may subject them to civil and criminal liabilities or a summary of the penalties for violation of copyright laws. WIU did not provide completion or graduation rates and, if applicable, transfer out rates for a specific cohort of the general student body, by July 1 of each year.

Required Action:

WIU is directed to review the regulations cited above and its consumer information policies and procedures and correct the areas of non-compliance noted above. WIU must provide documentation that it has incorporated the corrections into its consumer information policies and procedures with the response to this program review report.

Finding 3: Institution Failed to Timely Report Change/Update Application

Noncompliance:

A currently designated eligible institution that wishes to expand the scope of its eligibility and certification and disburse Title IV, HEA program funds to students enrolled at that expanded scope must apply to the Secretary and wait for approval if the institution participates in the Title IV, HEA programs under a provisional certification. See 34 C.F.R. § 600.20(c)(1)(i).

Institution that are not required to apply to the Secretary and wait for approval under § 600.20(c)(1) must report to the secretary within 10 days of a change in its eligibility application, the establishment of an accredited and licensed additional location at which it offers or will offer 50 percent or more of an educational program if the institution wants to disburse Title IV, HEA program funds to students enrolled at that location. See 34 C.F.R. § 600.21.

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WIU failed to notify the Department within the regulatory timeframe that it had opened ten additional locations. WIU was approved by the Higher Learning Commission (HLC) to offer classes at six additional locations as of April 23, 2014, two additional locations as of July 9, 2014, one additional location as of August 10, 2015, and one additional location as of September 9, 2016. The State of Illinois, per state statute, does not require WIU to obtain approval to offer programs at additional locations. WIU has been fully certified since at least 2001 and, therefore, fully certified on the dates when the additional locations were opened. The Director of Financial Aid discovered the reporting error during their preparation for the submission of WIU's recertification. Specifically, the Director of Financial Aid compared the additional locations on the Eligibility and Certification Approval Report (ECAR) with the list of additional locations approved by HLC and identified that these ten additional locations were not listed on the ECAR. The Director of Financial Aid subsequently reported these additional locations to the Department on 9/25/2017 with its recertification application.

During the program review, the reviewers directed WIU to confirm that 50% or more of a degree program could be earned at the ten additional locations to determine which additional locations were required to be reported on the ECAR. The Director of Financial Aid consulted with the academic departments and determined that five of the additional locations, 00178028, 00178029, 00178030, 00178031, and 00178032, offered 50% or more of an educational program.¹ WIU corrected the request for the addition of the additional location to include only the five additional locations that offered 50% or more of a degree program. WIU may, if it so wishes to do so, also report those locations that offer less than 50% of an educational program. The Director of Financial Aid provided a statement to the Department indicating that Title IV funds were not offered at these locations until after they approval by HLC. Nevertheless, WIU failed to report the additional locations to the Department within the required 10 day timeframe.

Required Action:

WIU must provide documentation to substantiate its claim that Title IV funds were not disbursed until after HLC had approved the new additional locations that offered 50% or more of a degree program after the HLC approval of the additional locations. WIU must also provide a revised policy and/or procedure that specify that new additional locations will be reviewed and reported to the Department within the 10 day reporting period as required by federal regulation. The required documentation must be submitted with WIU's response to this program review report.

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1 Location 00178028 opened 08/10/15; location 00178029 opened 07/09/14; location 00178030 opened 08/02/16; location 00178031 opened 08/25/14; and location 00178032 opened 07/09/14.

Appendix A

Student Sample

Appendix C: PRR Response

Appendix C contains WIU's PRR narrative response, not including the appendices.



WESTERN
ILLINOIS
UNIVERSITY

Monica Avina
Department of Education
500 W. Madison St., Room 1576
Chicago, IL 60661

Dear Ms. Avina,

Please accept this as response to the Western Illinois University program review. Findings from the review are outlined below and documentation has been submitted to support each finding.

Finding 1: Verification Violations

The Financial Aid Office/WIU agrees with this finding. The Verification Worksheet was not received prior to disbursement of federal student aid.

Resolution: The Financial Aid Office obtained the Verification Worksheet from the student, verified the family size and number in college, and agrees that no further action is needed.

Finding 2: Consumer Information Requirements Not Met

Western Illinois University agrees with the finding that several pieces of consumer information, pursuant to 34 C.F.R. § 668.48, were not available at the time of review. The following findings and resolution include:

- Institution's completion and graduation rates and transfer-out rates for a specific cohort of the general student body, by July 1, of each year.
- Annual report for student-athletes must be produced that provides information for the four most recent graduating classes by sport and gender.
- Institution's policies and sanctions related to copyright infringement that explicitly explains the civil and criminal penalties for unauthorized peer-to-peer file sharing and unauthorized distribution of copyright materials.

In addition, WIU agrees with the finding that notification to students containing the consumer information was not sent on an annual basis.

Resolution: WIU has added the missing consumer information pieces to the Financial Aid Office consumer information webpages.

- The Consumer Information Student Outcome webpage has been updated to include the graduation and transfer-out rates, we well as the student-athlete graduation rates (Attachment A).
 - Institution's completion and graduation rates and transfer-out rates for a specific cohort of the general student body, by July 1, of each year. (Attachments B and C)
 - Annual report for student-athletes must be produced that provides information for the four most recent graduating classes by sport and gender. (Attachments D and E)
- The General Institutional Information page (Attachment F) has been updated to include the institution's policies and sanctions related to copyright infringement that explicitly explains the civil and criminal penalties for unauthorized peer-to-peer file sharing and unauthorized distribution of copyright materials. (Attachment G).

The WIU Financial Aid Office has added to its Policies and Procedures Manual that it will email an annual Consumer Information notification to all undergraduate students after the 10th day of classes. (Attachment H)

Finding 3: Institution Failed to Timely Report Change/Update Application

WIU must provide documentation to substantiate its claim that Title IV funds were not disbursed until after HLC had approved the new additional locations that offered 50% or more of a degree program after the HLC approval of the additional locations. Locations in question are 00178028, 00178029, 0178030, 00178031, and 00178032.

Resolution: WIU has submitted a spreadsheet that identifies students enrolled at each location during a specific term, as well as confirmation of the HLC approval dates and any subsequent updates. A notation has been made if the student received federal financial aid. Attached is also the updated E-App that was submitted on August 27, 2018, to correct the locations approved by HLC as offering 50% or more instruction at the site.

The Director of Financial Aid has discussed with the WIU HLC coordinator, Vice President for Quad Cities and Planning Joe Rives, the importance of the Financial Aid being notified of new or revised locations offering 50% or more of the degree program in order to update the E-App. Vice President Rives' office will notify the Financial Aid Director of changes as they occur. The Since the federal program review, the Director of Financial Aid has been given access to the HLC website to monitor additions and revisions.

Western Illinois University has taken the necessary steps to rectify the findings outlined in the June 20, 2018 letter from Department of Education Compliance Manager, Dr. Brenda L. Yette. We appreciate the assistance provided by Monica Avina and Herschel Wallace III during and after our program review. Please contact me should you have any questions.

Sincerely,

Terri Hare, Director
Financial Aid Office
Direct Phone: 309-298-2075

Appendices D-F:

Appendices D through F contain personally identifiable information and will be emailed to WIU as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip will be sent in a separate email.

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U.S. Department of Education

Federal Student Aid

OCTOBER 1, 2018

TERRI A HARE
WESTERN ILLINOIS UNIVERSITY 00178000

1 UNIVERSITY CIRCLE
MACOMB, IL 61455

Dear President/Financial Aid Administrator:

The U.S. Department of Education has received your institution's Balance Confirmation and closeout request for the Pell Grant 2017-2018 Award Year. The Department's records show that your school's cash balance for this year is at an acceptable level.

To complete the Program Year Closeout process for your institution, the Department has taken the following steps:

1. Limited your school's data processing for this Program and Award Year. Award or disbursement changes will be rejected per published edits.
2. Reduced your school's Current Funding Level (CFL) which limits your school's ability to draw funds for this Program and Award Year.
3. Stopped the generation and transmission of your School's School Account Statement (SAS) and other system-generated as applicable for this Program and Award Year.

Congratulations on successfully completing the closeout process. If you have any future questions about reconciliation or closeout, contact the COD School Relations Center at 800/474-7268 (Grants) or 800/848-0978 (DL). You may also email CODSupport@ed.gov.

Sincerely,

Federal Student Aid
U.S. Department of Education

 Please do not reply to this message, it is an outbound message only. If you have received this e-mail in error or have any questions about its authenticity, please forward it to CODSupport@ed.gov.



**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY**

**COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act
and Applicable Federal Regulations)
For the Year Ended June 30, 2019**

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2019**

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**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2019**

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WESTERN ILLINOIS UNIVERSITY
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Other Reports Issued Under a Separate Cover:

The University's financial statement report as of and for the year ended June 30, 2019, have been issued under a separate cover. Additionally, in accordance with *Government Auditing Standards*, we have issued the Report Required Under Government Auditing Standards for the year ended June 30, 2019, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, under a separate cover. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2019**

UNIVERSITY OFFICIALS

President	Dr. Martin Abraham, Interim (07/01/19 to Present) Dr. Jack Thomas (Through 06/30/19)
Provost and Academic Vice President	Mr. William Clow, Interim (01/01/19 to Present) Dr. Kathleen Neumann, Interim (Through 12/31/18)
Vice President for Student Services	Mr. John Smith (07/15/19 to Present) Vacant (06/22/19 to 07/14/19) Dr. Ronald Williams (Through 06/21/19)
Associate Vice President for Budget and Finance***	Ms. Letisha Trepac (01/01/20 to Present)
Vice President for Administrative Services*	Ms. Letisha Trepac, Interim (12/07/19 to 12/31/19) Dr. William Polley (07/01/19 to 12/06/19) Dr. William Polley, Interim (05/05/18 to 06/30/19)
Vice President for Advancement and Public Services*	Mr. Brad Bainter (Through 05/28/19)
Senior Vice President for Strategic Planning & Initiatives**	Dr. Joseph Rives (09/01/18 to Present)
Vice President for Quad Cities and Planning**	Dr. Joseph Rives (Through 08/31/18)
Director of Business and Financial Services*	Vacant
Director of Internal Auditing	Mr. Michael Sartorius

*Positions have been eliminated.

**Vice President for Quad Cities Planning title changed to Senior Vice President for Strategic Planning & Initiatives on 09/1/18.

*** New position as of 01/01/20.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2019**

BOARD OF TRUSTEES (as of June 30, 2019)

Chair	Greg Aguilar, East Moline
Vice Chair	Nick Padgett, Chicago
Secretary	Jackie Thompson, Macomb
Member	Erik Dolieslager, Quincy
Member	Kisha M.J. Lang, Maywood
Member	Polly Radosh, Good Hope
Member	Doug Shaw, Peoria
Student Member	Justin Brown

University offices are located at:

Macomb Campus
1 University Circle
Macomb, Illinois 61455-1390

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

MANAGEMENT ASSERTION LETTER

March 17, 2020

Adelfia LLC
400 E. Randolph Street, Suite 700
Chicago, IL 60601

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Western Illinois University (University). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following specified requirements during the one-year period ended June 30, 2019. Based on this evaluation, we assert that during the year ended June 30, 2019, the University has materially complied with the assertions below.

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

Yours truly,

Western Illinois University

SIGNED ORIGINAL ON FILE

Martin A. Abraham
Interim President

SIGNED ORIGINAL ON FILE

Letisha Trepac
Associate Vice President for
Budget and Finance

SIGNED ORIGINAL ON FILE

Elizabeth Duvall
Legal Counsel

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2019**

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, 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	8	6
Repeated findings	4	4
Prior recommendations implemented or not repeated	2	2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)				
2019-001	17	New	Inadequate Control over Monitoring of Capital Assets in Constructions in Progress	Significant Deficiency
FINDINGS (STATE COMPLIANCE)				
2019-002	19	New	Noncompliance with the College Student Immunization Act	Noncompliance and Significant Deficiency
2019-003	22	2018	Noncompliance with the <i>University Guidelines</i> on Excess Funds	Noncompliance and Significant Deficiency

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
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For the Year Ended June 30, 2019**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2019-004	23	2018	Noncompliance with the <i>University Guidelines</i> on Subsidies	Noncompliance and Significant Deficiency
2019-005	25	2018	Weakness in Computer Inventory Controls	Noncompliance and Significant Deficiency
2019-006	27	2018	Lack of Adequate Controls over the Review of Internal Controls over External Service Providers	Noncompliance and Significant Deficiency
2019-007	30	New	Lack of Disaster Contingency Planning or Testing to Ensure Recovery of Computer Systems	Noncompliance and Significant Deficiency
2019-008	32	New	Inadequate Segregation of Duties and Programmer Access to Production	Noncompliance and Significant Deficiency

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

2019-001	17	New	Inadequate Control over Monitoring of Capital Assets in Constructions in Progress	Noncompliance and Significant Deficiency
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PRIOR FINDINGS NOT REPEATED

A	33	2018	Noncompliance with Pell Disbursement Reporting
B	33	2018	Noncompliance with Open Meetings Act

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and Applicable Federal Regulations)
For the Year Ended June 30, 2019**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on March 4, 2020.

Attending were:

Western Illinois University

Dr. Martin Abraham	Interim President
Letisha Trepac	Associate Vice President of Budget and Finance
William Clow	Interim Provost and Academic Vice President
Rebecca Slater	Executive Director, University Technology
Jessica Dunn	Assistant Comptroller
Brittany Troline	Accounting Associate
Joseph Roselieb	Executive Director of Auxiliary Services and Risk Management
Ketra Roselieb	Executive Director of Personnel Services and Finance
Walter McGath	Business Manager II
Elizabeth Duvall	General Counsel
Doug Shaw	Board of Trustee (via teleconference)

Office of the Auditor General

Stacie Sherman	Audit Manager
Joseph Gudgel	IS Audit Manager

Adelfia LLC

Stella Marie Santos	Partner
Ana Liza Ausan	Partner
Annabelle Abueg	Principal
Melissa Nafarrete	Manager

The responses to the recommendations were provided by Dr. Martin Abraham, Interim President, in a correspondence dated March 13, 2020.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Western Illinois University (University) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the year ended June 30, 2019. Management of the University is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the University’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

- D. State revenues and receipts collected by the University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the University on behalf of the State or held in trust by the University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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

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

In our opinion, the University complied with the specified requirements during the year ended June 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 through 2019-008.

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

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

Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 through 2019-008 that we consider to be significant deficiencies.

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

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

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

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 and the aggregate discretely presented component unit of the University as of and for the year ended June 30, 2019, and have issued our report thereon dated February 17, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to February 17, 2020. The accompanying supplementary

information for the year ended June 30, 2019, in Schedules 1 through 8 and Schedules 11 through 18 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the University. Such information is the responsibility of University management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2019, in Schedules 1 through 8 and Schedules 11 through 18 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2019, in Schedules 1 through 8 and Schedules 11 through 18 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the University's basic financial statements as of and for the year ended June 30, 2018, and have issued our report thereon dated December 13, 2018, which contained unmodified opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component unit. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 3 through 8, 13, 15, 16, and 18 is the responsibility of the University management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2018 financial statements. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 through 8, 13, 15, 16, and 18 has been subjected to the auditing procedures applied in the audits of the June 30, 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the years ended June 30, 2018 in Schedules 3 through 8, 13, 15, 16, and 18 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

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

SIGNED ORIGINAL ON FILE

Chicago, Illinois

March 17, 2020, except for our report on the Supplementary Information
for State Compliance Purposes, as to which the date is February 17, 2020



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Western Illinois University (University) and its aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 17, 2020. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Compliance and Other Matters

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

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the University's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2019-001 that we consider to be a significant deficiency.

University's Response to the Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
February 17, 2020



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

Report on Compliance for Each Major Federal Program

As Special Assistant Auditors for the Auditor General, we have audited compliance by Western Illinois University (University) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2019. The University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

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

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

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the University as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated February 17, 2020, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

SIGNED ORIGINAL ON FILE

Chicago, Illinois

March 17, 2020, except for our report on the Schedule of Expenditures of Federal Awards and the related notes, as to which the date is February 17, 2020

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Assistance Cluster
Various	Research and Development Cluster
20.509	Formula Grants for Rural Areas

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

Auditee qualified as low-risk auditee? Yes No

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Finding – *Government Auditing Standards*

2019-001 – Inadequate Control over Monitoring of Capital Assets in Constructions in Progress

The Western Illinois University (University) did not properly monitor completion of capital assets in constructions in progress to ensure timely capitalization and computation of depreciation of building improvements.

We noted the following in our audit of financial statements relating to capital assets:

The University did not update its property records timely. We noted two constructions in progress projects completed in Fiscal Year 2019 that were not transferred to building improvements resulting in misclassification of depreciable capital assets by \$1,183,634 and unrecorded depreciation costs totaling \$24,636.

- A roof project, totaling \$671,736, was completed in November 2018, which resulted in unrecorded depreciation costs of \$22,503.
- An upgrade, totaling \$511,898, was completed in June 2019, which resulted in unrecorded depreciation costs of \$2,133.

The Comptroller’s Statewide Accounting Management System (SAMS) Manual (Procedure 03.30.10) provides agencies with guidance on reporting capital assets and depreciation expense. The SAMS Manual states that constructions in progress are accumulation of costs incurred during construction of assets. The accumulated costs are held in Construction in Progress until such time as the project is determined to be “substantially complete” (i.e. ready for its intended use).

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State’s resources. Good internal control procedures require adequate management oversight and review of accounting policies and procedures as well as an overall review of financial reporting for accuracy and compliance with GAAP.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Finding – *Government Auditing Standards* (Continued)

**2019-001 – Inadequate Control over Monitoring of Capital Assets in Constructions in Progress
(Continued)**

Governmental Accounting Standards Board Statement No. 34, Paragraphs 18-22, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, capital assets should be reported at historical cost and should be depreciated over their estimated useful lives unless they are either inexhaustible or are infrastructure assets reported using the modified approach. Further, capital assets that are being or have been depreciated should be reported net of accumulated depreciation in the statement of net assets and those that are not being depreciated, such as land or infrastructure assets reported using the modified approach, should be reported separately if the government has a significant amount of these assets. Depreciation expense should be reported in the statement of activities.

In addition, per the University’s Capital Asset Policy, renovations to buildings and land improvements that increase the value or extend the useful life are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful lives of the class of assets. The estimated useful lives being used by the University for building improvements is 20 years.

University officials stated this exception was due to staff turnover and the elimination of positions in the accounting department which led to an oversight on the review of the University’s year-end checklist.

Failure to timely transfer the completed constructions in progress resulted in misclassification of depreciable capital assets and an understatement of current year expenses. In addition, inaccurate and incomplete financial statements were submitted to the Comptroller’s Office. (Finding Code No. 2019-001)

RECOMMENDATION

We recommend the University review current practices to determine if enhancements can be implemented to ensure the year-end checklist is properly monitored and each activity has been completed.

UNIVERSITY RESPONSE

The University agrees with the finding. The accounting department will place an increased emphasis on the review of the year-end checklist and Facilities Management project reports to ensure projects in construction in progress were capitalized or expensed appropriately.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance

2019-002 – Noncompliance with the College Student Immunization Act

Western Illinois University (University) had weaknesses in the University’s internal controls over compliance with the College Student Immunization Act (Act).

- During our review of the University’s annual immunization report for Fall 2018 covered students, we noted the following:
 - a) The University did not maintain documentation supporting the following classification of students as of the date the University prepared its report to the Department of Public Health (Department):
 - Total official 10th day on-campus headcount;
 - Total number of enrolled and newly enrolled students subject to the requirements;
 - Total number of enrolled and newly enrolled students immunized against the following: tetanus, diphtheria, and pertussis; measles; rubella; mumps; and meningococcal; and,
 - Total number of enrolled and newly enrolled students who have received all five vaccinations
 - b) The University was unable to provide the auditors with a reconciliation between new students enrolled at the University in Fall 2018 and the number of new covered students first enrolled in Fall 2018 as reported to the Department of Public Health.

The Act (110 ILCS 20/6) requires that within 8 weeks after the commencement of classroom instruction, the post-secondary educational institution shall file a report with the Department stating the number of persons attending the institution who had presented: proof of immunization; certification of medical exemption; statement of religious objection; and no proof of immunization. The report shall be on forms prepared by the Department.

In addition, the Illinois Administrative Code (Code) (77 Ill. Admin. Code 694.120(a)), states each post-secondary educational institution shall submit an annual summary report on forms provided by the Department to the Department within eight weeks after commencement of the fall term of the academic year. Further, the Code (77 Ill. Admin. Code 694.120(c)) states in order to determine compliance with the requirements related to the completion and submission of the summary report, the Department or its designated representative may audit student health records, as they relate to certification of immunity, from which personal identifiable information has been deleted in accordance with the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. 1232g) and 34 CFR 99.36.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-002 – Noncompliance with the College Student Immunization Act (Continued)

Good internal control over compliance requires the University establish and maintain a system of administrative internal controls to provide sufficient documentation to substantiate compliance with the Act.

University officials stated the Immunization Compliance System maintains student immunization data in real time and they did not deem it necessary to maintain a copy of the report used for the annual report. They also stated it was not possible to run a historical report from a date in the past. At any time, current immunization data can be provided as required by the legislation.

- During our detailed testing of students given medical exemptions from the immunization requirements, we noted one of three (33%) students did not present a written statement certified by a physician and was not precluded from registering in a subsequent term or semester.

The Act (110 ILCS 20/4), requires, if no proof of immunization, certification of medical exemption or statement of religious objection from an enrolled student is in the possession of the post-secondary educational institution, the person shall be precluded from registering in a subsequent term or semester until such time as the appropriate documentation is presented to the institution.

University officials stated the exceptions noted were due to oversight of the in-charge nurse.

Failure to maintain a system of internal controls to provide assurance the University complies with the provisions of the College Student Immunization Act, may result in ineligible students enrolling for and attending classes on campus and increases public health risks from communicable diseases. (Finding Code No. 2019-002)

RECOMMENDATION

We recommend the University review and improve its current system of internal controls for monitoring covered student compliance to better ensure accurate record keeping and compliance with the Act.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-002 – Noncompliance with the College Student Immunization Act (Continued)

UNIVERSITY RESPONSE

The University agrees with the finding. The University will retain supporting documents used to complete forms provided by the Department of Public Health. All medical exemptions will be reviewed by the immunization nurse and the nursing supervisor prior to clearing those students for registration.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-003 – Noncompliance with the *University Guidelines* on Excess Funds

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

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

Indirect Cost	\$ 1,806,707
Public Service	646,310
Instructional Resources	559,614
University Publication	3,088
Unique Charges	10,905
Sponsored Credit Programs	35,329
Parking Operations	357,160
Total	<u>\$ 3,419,113</u>

The *University Guidelines* (Chapter I, Section H and Chapter IV, Section D, Part 1) states the University shall remit any excess funds for deposit in the Income Fund no later than 45 days after the close of the lapse period.

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

Failure to remit the excess funds resulted in noncompliance with the *University Guidelines*. (Finding Code No. 2019-003, 2018-003, 2017-003, 2016-004)

RECOMMENDATION

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

UNIVERSITY RESPONSE

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-004 – Noncompliance with the *University Guidelines* on Subsidies

Western Illinois University (University) subsidized operations of University activities between accounting entities during Fiscal Year 2019. Activities are functions which are self-supporting in whole or in part, which are directly related to instructional, research or service units.

During our testing of compliance with the *University Guidelines*, we noted the following University accounting entities had negative cash balances at the end of the fiscal year:

Accounting Entity	Beginning Balance	Ending Balance
Student Programs and Services	\$ 905,734	\$ (845,057)
University Stores and Services	\$ (960,679)	\$ (614,799)

A negative cash balance is, in effect, an unrecorded interfund payable/receivable, thereby causing a subsidy between funds to occur. The Student Programs and Services administer receipts and disburse funds for student activities, organizations and services while the University Stores and Service Centers operate stores and maintenance service centers for all units of the University. As of June 30, 2019, these accounting entities had accounts receivable and inventories totaling \$586,003 for the Student Programs and Services and \$959,507 for the University Stores and Services.

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

University management stated, as they did in the prior year, current year revenues generated by the entity exceeded operational costs. However, the prior year deficit continues to exist, leading to the subsidy between accounting entities.

Subsidies between accounting entities result in other accounting entities incurring unrelated costs to fund operations of entities with negative cash balances. (Finding Code No. 2019-004, 2018-004, 2017-004, 2016-006, 2015-007, 2014-006, 2013-006, 12-9)

RECOMMENDATION

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-004 – Noncompliance with the *University Guidelines on Subsidies* (Continued)

UNIVERSITY RESPONSE

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-005 – Weakness in Computer Inventory Controls

Western Illinois University (University) was unable to locate 7 computers during their annual inventory. Additionally, we found the University does not always protect their computers with encryption methods.

During their Fiscal Year 2019 annual inventory, the University determined the computers, original cost totaling \$9,796, were missing. The University had not conducted an assessment to determine if the computers contained confidential information.

The State Property Control Act (30 ILCS 605/4) requires every responsible officer of the State government to be accountable to the administrator for the supervision, control and inventory of all property under his jurisdiction. In addition, the University had the responsibility to ensure that confidential information was protected from disclosure and that provisions in the Personal Information Protection Act (815 ILCS 530) were followed.

During the prior engagement, University management stated the University had policies in place to protect the University's data and is now recording information to help in the recovery process. Individual areas on campus are responsible for properly securing or encrypting the data they use as well as properly maintaining their inventory. University policy does not currently require the University Technology (uTech) be officially notified of lost or stolen devices; however, uTech works closely with Property Accounting and Redistribution Center to follow-up on devices reported missing on the annual inventory when notified. In the current examination, University management indicated limited resources have impacted their ability to fully address the weaknesses timely; however, they are still addressing them as resources permit.

Failure to implement adequate controls over computer inventory and security of information has resulted in lost and stolen computers and the potential for confidential information being exposed. (Finding Code No. 2019-005, 2018-005, 2017-005, 2016-007)

RECOMMENDATION:

We recommend the University implement controls to ensure data maintained on computers are adequately protected with methods such as encryption. In addition, the University should review their practices to determine if enhancements can be implemented to prevent the theft or loss of computers.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-005 – Weakness in Computer Inventory Controls (Continued)

UNIVERSITY RESPONSE:

The University agrees with the finding. Of the 7 computers noted in the finding as being unaccounted for in inventory, 5 were subsequently found through manual investigation. Evidence of this was provided to the auditors following the evaluation period. The University is taking steps to prevent data storage on local devices and to protect data in the event it is stored. The University does not have any software that stores sensitive data locally on computers. The Administrative Procedures Handbook has been changed to reflect that sensitive data storage on local devices is prohibited. A pilot has begun within the University Technology to enable encryption of PC's should a user not follow policy and store sensitive data locally. Finally, the University is re-engineering its business process around computer inventory. University Technology will become the central authority for receiving, wiping and redistributing computer inventory on campus. All hard drives will be wiped upon receipt at University Technology, prior to being redistributed or surplus to ensure no potential for data loss. Only computers that are beyond useful life and are subject to surplus will be sent to the Property and Accounting Redistribution Center.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-006 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers

Western Illinois University (University) did not obtain or conduct timely independent internal control reviews over its external service providers.

We requested the University provide the population of service providers utilized in order to determine if they had reviewed the internal controls over the service providers. In response to our request, the University provided a listing of service providers utilized during the examination period. However, the University was unable to provide documentation demonstrating the completeness of the population.

Due to these conditions, we were unable to conclude the University's population records were complete and accurate under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 500, AU-C § 530).

The University utilized various service providers to provide:

- Credit Card Processing,
- Online Classes,
- Emergency Alert System,
- Email,
- Office Suite, and
- Work Order System.

Even give the limitations noted above, we performed testing of the service providers utilized by the University from the listing provided by the University. During testing of the service providers, we noted the University had not:

- Obtained System and Organization Control (SOC) reports or conduct independent internal control reviews for four external service providers.
- Conducted an analysis of the SOC reports to determine the impact of modified opinions or noted deviations.
- Conducted an analysis of the complementary user entity controls documented in the SOC reports.
- Obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control environment.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-006 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers (Continued)

Additionally, it was noted the contracts between the University and the service providers did not contain a requirement for an independent review to be completed.

The University is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, generally accepted information technology guidance endorses the review and assessment of internal controls related to information systems and operations to assure the accurate processing and security of information.

During the prior examination, University management indicated they had not completed a policy to address the issues due to other priorities. During the current examination, University management indicated the weaknesses had not been fully addressed due to limited resources.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the University does not have assurance the external service provider's internal controls are adequate. (Finding Code No. 2019-006, 2018-006)

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-006 – Lack of Adequate Controls over the Review of Internal Controls over External Service Providers (Continued)

RECOMMENDATION:

We recommend the University identify all third-party service providers to determine and document if a review of controls is required. If required, the University should:

- Obtain SOC reports or perform independent reviews of internal controls associated with outsourced systems at least annually.
- Monitor and document the operation of the Complementary User Entity Controls (CUECs) relevant to their operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the usage of the subservice organizations would not impact their internal control environment.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the University, and any compensating controls.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

UNIVERSITY RESPONSE

The University agrees with the finding. The University's main administrative system is a mainframe based custom built solution. This means that the amount of sensitive data hosted by third-party service providers is very limited. The University has created a process to review outside vendors to determine if they meet the guidance to be considered a third-party service provider. Based on guidance provided, these are vendors that host sensitive data on behalf of the University. If they meet this requirement, a process is now defined to request, evaluate, and document independent risk assessments periodically, depending on the level of risk posed by the data hosted by the vendor.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-007 – Lack of Disaster Contingency Planning or Testing to Ensure Recovery of Computer Systems

Western Illinois University (University) had not ensured an updated and adequately tested disaster contingency plan existed.

The University relies on its mainframe and servers for maintaining several critical, financially sensitive and/or confidential systems used to meet the University's computing needs. However, we noted the Technology Disaster Recovery Plan (contingency plan) was not updated and mainframe operations were not tested during the examination period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation. Additionally, information technology guidance (including the National Institute of Standards and Technology and Governmental Accountability Office) endorses an adequately developed and tested contingency plan. An adequately developed and tested contingency plan would assist the University in ensuring its plan, procedures and available resources (including personnel, hardware, and facilities) are adequate for recovering the University's critical systems within the required timeframes.

During the prior examination, University management indicated University Technology had focused its efforts in completing its alternate recovery facility before updating its contingency plan. The plan to test the contingency plan for mainframe operations did not occur due to budget issues. During the current examination, University management indicated the contingency plan update and testing was delayed due to issues associated with the new mainframe tape encryption system.

Failure to establish an adequately detailed contingency plan and performing recovery testing leaves the University exposed to the possibility of major disruption of services. (Finding Code No. 2019-007)

RECOMMENDATION:

We recommend the University ensure its recovery plan is updated to reflect any operational changes. Once updated, the University should ensure its recovery plan is tested at least annually, including all operational platforms and alternate recovery location.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

**2019-007 – Lack of Disaster Contingency Planning or Testing to Ensure Recovery of
Computer Systems (Continued)**

UNIVERSITY RESPONSE:

The University agrees with the finding. The University has performed multiple disaster recovery exercises over the past year and updated its contingency plan. These include two tabletop exercises, full mainframe recovery test and full disaster recovery of the distributed server environment. Since all of these activities were performed in the current fiscal year, we believe this finding has already been remediated.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-008 – Inadequate Segregation of Duties and Programmer Access to Production

Western Illinois University (University) did not enforce controls to ensure adequate segregation of duties over program change authorizations and moving program changes into production. In addition, the University did not restrict programmers' access to the production environment.

The University had established procedures for approving, testing and migrating program changes into the production environment as well as ensuring adequate segregation of duties exist. However, during testing we noted the University's programmers have access to the production environment; thus, creating a segregation of duties weakness. Additionally, during testing of 20 program changes, we noted 11 (55%) changes were approved and moved into the production environment by the programmer.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls. In addition, generally accepted Information Technology guidance endorses the development of adequate change control procedures to ensure proper segregation of duties. These procedures include restricting programmers/analysts from making a change and moving it into the production to ensure all changes have been independently authorized and moved to production.

University management indicated staff assigned to make program changes and move changes into production are sometimes limited to the same person due to shortage in staffing resources.

Without adequate controls over programmer's activities, there is a greater risk of unauthorized changes being made to computer programs or manipulation of data. The lack of segregation of duties in the computer environment increases the risk that the confidentiality, integrity, and availability of programs and data will be compromised. (Finding Code 2019-008)

RECOMMENDATION:

We recommend the University restrict programmer access to all production programs and data and ensure program changes are adequately approved and consistently monitored. If the University determines that programmer access in some situations may be necessary, we recommend the University establish and enforce compensating controls to allow programmers limited access for making the change and immediately restricting access once the change is completed. Compensating controls should ensure appropriate management oversight and approval of changes.

UNIVERSITY RESPONSE:

The University agrees and will implement the recommendation.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019**

Prior Findings Not Repeated

A. Noncompliance with Pell Disbursement Reporting

During the previous audit, the Western Illinois University (University) did not timely report Pell Grant disbursements to the U.S. Department of Education.

During the current audit, we noted the University timely reported Pell Grant disbursements to the U.S. Department of Education. (Finding Code No. 2018-001, 2017-002, 2016-002, 2015-002, 2014-003)

B. Noncompliance with Open Meetings Act

During the previous audit, the University's Board of Trustees (WIU Board) violated the Open Meetings Act by improperly discussing issues in the June 2018 closed session.

During the current audit period, we noted the WIU Board's closed meeting minutes did not include any discussions that needed to be discussed in an open meeting. (Finding Code No. 2018-002)

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2019 Expenditures	Amount Provided to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER:				
<u>DEPARTMENT OF EDUCATION</u>				
Federal Supplemental Education Opportunity Grants	(M) 84.007	P007A181313	\$ 492,308	\$ -
Federal Work-Study Program	(M) 84.033	P033A181313	379,063	-
Federal Perkins Loan Program Federal Capital Contributions	(M) 84.038	P038A071313	1,933,356	-
Federal Pell Grant Program				
<i>Federal Pell - 2017-2018</i>	(M) 84.063	P063P171391	16,186	-
<i>Federal Pell - 2018-2019</i>	(M) 84.063	P063P181391	16,490,203	-
<i>Federal Pell - 2019-2020</i>	(M) 84.063	P063P191391	3,097	-
			<u>16,509,486</u>	<u>-</u>
Federal Direct Student Loans				
<i>Federal Direct Student Loans - FY18</i>	(M) 84.268	P268K871391	69,908	-
<i>Federal Direct Student Loans - FY19</i>	(M) 84.268	P268K191391	49,162,622	-
			<u>49,232,530</u>	<u>-</u>
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)				
<i>Teach Grant - 2013-2014</i>	(M) 84.379	P379T141391	(940)	-
<i>Teach Grant - 2018-2019</i>	(M) 84.379	P379T191391	6,089	-
			<u>5,149</u>	<u>-</u>
TOTAL DEPARTMENT OF EDUCATION			\$ 68,551,892	\$ -
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			\$ 68,551,892	\$ -

RESEARCH AND DEVELOPMENT CLUSTER:

DEPARTMENT OF AGRICULTURE

Specialty Crop Block Grant Program - Farm Bill Passed-Through Illinois Department of Agriculture <i>Grafting to Increase Yield, Fruit Quality, and Antioxidant Capacity of Heirloom Tomatoes</i>	(M) 10.170	SC-19-08	\$ 16,680	\$ -
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SCHEDULE 1
(Continued)

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2019 Expenditures	Amount Provided to Subrecipients
<i>Variety Selection and Integrated Pest Management for Production of High-Value Crops in High Tunnels in Illinois</i>	(M) 10.170	SC-19-04	34,261	-
			50,941	-
Agriculture and Food Research Initiative				
<i>Oilseed Pennycress: A New Cash Cover-Crop for the Midwest</i>	(M) 10.310	2019-69012-29851	495	-
Passed-Through University of Minnesota				
<i>Advancing Field Pennycress as a New Oils Feed Biodiesel Feedstock That Does Not Require New Land Commitments</i>	(M) 10.310	H004568901	580	-
Passed-Through Illinois State University				
<i>Advancing Field Pennycress as a New Oils Feed Biodiesel Feedstock That Does Not Require New Land Commitments</i>	(M) 10.310	A180071S001	45,301	-
			46,376	-
TOTAL DEPARTMENT OF AGRICULTURE			\$ 97,317	\$ -
<u>DEPARTMENT OF DEFENSE</u>				
Basic Scientific Research				
Passed-Through University of North Texas				
<i>Advanced Ballistics Technology Material Development, Characterization and Computational Modeling: 1-13-High Rate Deformation and Failure of Materials 2.2.7 Human Response to Ballistic Loading</i>	(M) 12.431	GF40018-1	\$ 170,594	\$ 63,996
<i>Tech Proposal for Advanced Ballistic Tech: A Mechanism Based Approach to Design</i>	(M) 12.431	GF70037-1	150,483	70,433
TOTAL DEPARTMENT OF DEFENSE			\$ 321,077	\$ 134,429
<u>DEPARTMENT OF INTERIOR</u>				
Recreation and Visitor Resources				
<i>Geomorphic Effects of Woody Debris Jams on Channel Morphology and Stream Bank Erosion in Thompson Creek</i>	(M) 15.225	L16AC00270	\$ 3,659	\$ -
Sport Fish Restoration Program				
Passed-Through Illinois Department of Natural Resources				
<i>Upper Mississippi River (Pool 17, 18, 21) Fish Population Monitoring and Sport Fish Assessment in West Central Illinois</i>	(M) 15.605	RC19F-193-R-05	62,928	-

SCHEDULE 1
(Continued)

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2019 Expenditures	Amount Provided to Subrecipients
Fish and Wildlife Management Assistance				
Passed-Through Illinois Department of Natural Resources				
<i>Asian Carp Removal and Monitoring in the Upper Mississippi River</i>	(M) 15.608	RC18FWS134	28,798	-
<i>Asian Carp Removal and Monitoring in the Upper Mississippi River</i>	(M) 15.608	RC19FWS142	518,978	-
			<u>547,776</u>	<u>-</u>
Wildlife Restoration and Basic Hunter Education				
Passed-Through Illinois Department of Natural Resources				
<i>Using Canvasbacks (Aythya Valisineria) As a Bioindicator of Wetland Quality in the Upper Midwest</i>	(M) 15.611	RC17W192R1	17,966	-
<i>Estimating Home Range Use, Survival, and Abundance of Bobcats in Agriculturally Dominated Landscapes in West Central Illinois</i>	(M) 15.611	RC17W195R1	25,601	-
<i>Waterfowl and Large River Ecology</i>	(M) 15.611	RC19W200R1	53,257	-
Passed-Through University of Illinois				
<i>Illinois Waterfowl Surveys and Investigations</i>	(M) 15.611	09176117061	9,053	-
			<u>105,877</u>	<u>-</u>
U.S. Geological Survey_Research and Data Collection				
<i>Ecological Studies on Asian Carp in the Upper Illinois and Mississippi Rivers</i>	(M) 15.808	G18AC00160	151,536	-
			<u>151,536</u>	<u>-</u>
TOTAL DEPARTMENT OF INTERIOR			\$ 871,776	\$ -
<u>DEPARTMENT OF JUSTICE</u>				
Edward Byrne Memorial Justice Assistance Grant Program				
Passed-Through St. Clair County State's Attorney's Office				
<i>Justice Assistance Grant Partnerships to Reduce Violent Crimes</i>	(M) 16.738	None	\$ 9,054	\$ -
TOTAL DEPARTMENT OF JUSTICE			\$ 9,054	\$ -
<u>NATIONAL SCIENCE FOUNDATION</u>				
Mathematical and Physical Sciences				
<i>Multiscale Approach to Understand Outflows During High Mass Star Formation</i>	(M) 47.049	1814063	\$ 19,223	\$ -

SCHEDULE 1
(Continued)

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2019 Expenditures	Amount Provided to Subrecipients
<i>MRI: Acquisition of a Liquid Chromatograph Mass Spectrometer for Research and Education</i>	(M) 47.049	1827209	299,742	-
			<u>318,965</u>	<u>-</u>
Geosciences				
<i>MRI: Acquisition of an SEM-EDS System: Advancing Scientific Discovery and Student Scientific Inquiry in Rural Illinois</i>	(M) 47.050	1726355	315,369	-
			<u>315,369</u>	<u>-</u>
Biological Sciences				
<i>Collaborative Research: Parsing the Effects of Host Specificity and Geography on Plant-fungal Symbioses Under Climate Change</i>	(M) 47.074	1457002	68,974	-
			<u>68,974</u>	<u>-</u>
Social, Behavioral, and Economic Sciences				
<i>A Geomorphic and Ecological Analysis of Using Mosses for Controlling Stream Bank Erosion</i>	(M) 47.075	1461773	38,661	4,839
			<u>38,661</u>	<u>4,839</u>
TOTAL NATIONAL SCIENCE FOUNDATION			\$ 741,969	\$ 4,839
DEPARTMENT OF EDUCATION				
Special Education Educational Technology Media, and Materials for Individuals with Disabilities Passed-Through University of Kansas Center for Research Inc.				
<i>Project VOISS: Virtual Reality Opportunities to Implement Social Skills</i>	(M) 84.327	FY2019060	\$ 37,600	\$ -
			<u>\$ 37,600</u>	<u>\$ -</u>
TOTAL DEPARTMENT OF EDUCATION			\$ 37,600	\$ -
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			\$ 2,078,793	\$ 139,268
SPECIAL EDUCATION CLUSTER (IDEA):				
DEPARTMENT OF EDUCATION				
Special Education_Preschool Grants Passed-Through Illinois State Board of Education				
<i>Fed-Sp Ed-Preschool Discretionary Illinois Starnet - 2018</i>	84.173A	2018-4605-00-26-062-5440-51	\$ (918)	\$ -
<i>Fed-Sp Ed-Preschool Discretionary Illinois Starnet - 2019</i>	84.173A	2019-4605-00-26-062-5440-51	967,137	-
			<u>966,219</u>	<u>-</u>

SCHEDULE 1
(Continued)

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2019 Expenditures	Amount Provided to Subrecipients
TOTAL DEPARTMENT OF EDUCATION			\$ 966,219	\$ -
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			\$ 966,219	\$ -
OTHER PROGRAMS:				
<u>DEPARTMENT OF AGRICULTURE</u>				
Rural Cooperative Development Grants				
<i>Rural Cooperative Development Grant Program 2017</i>	10.771	GLSX0002008181	\$ 99,304	\$ -
<i>Rural Cooperative Development Grant Program 2018</i>	10.771	GLSX0002148829	111,565	-
TOTAL DEPARTMENT OF AGRICULTURE			\$ 210,869	\$ -
<u>DEPARTMENT OF DEFENSE</u>				
Procurement Technical Assistance For Business Firms				
Passed-Through Illinois Department of Commerce and Economic Opportunity				
<i>IL Procurement Technical Assistance Center FY18</i>	12.002	18-601104	\$ (2)	\$ -
<i>IL Procurement Technical Assistance Center FY19</i>	12.002	19-601104	12,436	-
TOTAL DEPARTMENT OF DEFENSE			\$ 12,434	\$ -
<u>DEPARTMENT OF JUSTICE</u>				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				
Passed-Through Illinois Law Enforcement Training				
<i>Attorney General First Responder Online Training</i>	16.590	None	\$ 27,453	\$ -
TOTAL DEPARTMENT OF JUSTICE			\$ 27,453	\$ -
<u>DEPARTMENT OF TRANSPORTATION</u>				
Formula Grants for Rural Areas				
Passed-Through Illinois Department of Transportation				
<i>Rural Transit Assistance Center FY16-18</i>	(M) 20.509	1516101601	\$ 76,422	\$ -
<i>Rural Transit Assistance Center FY19-21</i>	(M) 20.509	5012	336,311	-

SCHEDULE 1
(Continued)

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2019 Expenditures	Amount Provided to Subrecipients
Passed-Through City of Macomb, IL <i>Go West Transit FY19</i>	(M) 20.509	None	221,281	-
TOTAL DEPARTMENT OF TRANSPORTATION			\$ 634,014	\$ -
<u>SMALL BUSINESS ADMINISTRATION</u>				
Small Business Development Centers				
Passed-Through Illinois Department of Commerce & Economic Opportunity <i>SBDC CY18</i>	59.037	18-561127	\$ 89,652	\$ -
<i>SBDC CY19</i>	59.037	19-181127	14,752	-
TOTAL SMALL BUSINESS ADMINISTRATION			\$ 104,404	\$ -
<u>DEPARTMENT OF EDUCATION</u>				
Adult Education - Basic Grants to States				
Passed-Through Illinois Community College Board				
<i>Central Illinois Adult Education Service Center/Curriculum Publications Clearing 2018</i>	84.002	AEL18006	\$ (28)	\$ -
<i>Central Illinois Adult Education Service Center/Curriculum Publications Clearing 2019</i>	84.002	AEL19006	427,342	-
<i>DAISI Project FY 18</i>	84.002	AEL19003	203,319	-
<i>I-Pathways IL FY18</i>	84.002	AEL19002	180,630	-
			<u>811,263</u>	<u>-</u>
Undergraduate International Studies and Foreign Language Programs				
<i>Communities as Agents of Change: Language and Area Studies for a Sustainable Future</i>	84.016	P016A160039	113,978	-
School Leader Recruitment and Support				
Passed-Through Illinois State University				
<i>Illinois Partnership Advancing Rigorous Training (IL-Part)</i>	84.363A	A140017S010	2,100	-
Education Innovation and Research				
Passed-Through DuPage Regional Office of Education				
<i>Partners to Lead DuPage ROE</i>	84.411C	None	14,657	-

SCHEDULE 1
(Continued)

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2019 Expenditures	Amount Provided to Subrecipients
Supporting Effective Educator Development Program Passed-Through Illinois State University <i>Together Everyone Achieves More Through Integrated Leadership (TEAM LEAD)</i>	84.423A	A18-0059-S009	171,945	-
TOTAL DEPARTMENT OF EDUCATION			\$ 1,113,943	\$ -
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Temporary Assistance for Needy Families Passed-Through Illinois Department of Human Services <i>Low Income Degree Scholarship Program FY18</i>	93.558	FCSWG03648	\$ (127)	\$ -
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			\$ (127)	\$ -
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
AmeriCorps Passed-Through Illinois Department of Public Health <i>AmeriCorps Project 16-17</i>	94.006	77380023E	\$ 1	\$ -
<i>QC AmeriCorps Project 16-17</i>	94.006	77380024E	459	-
<i>QC AmeriCorps Project 17-18</i>	94.006	87380024F	37,295	-
<i>AmeriCorps Project 17-18</i>	94.006	87380023F	102,976	35,000
<i>AmeriCorps Project 18-19</i>	94.006	97380023G	106,166	19,237
			<u>246,897</u>	<u>54,237</u>
Volunteers in Service to America <i>Vista Community Outreach</i>	94.013	13VSNIL001	57,959	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 304,856	\$ 54,237

SCHEDULE 1
(Continued)

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2019 Expenditures	Amount Provided to Subrecipients
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
Homeland Security Grant Program				
Passed-Through Illinois Emergency Management Agency				
<i>FFY16 Intelligence Gathering and Information Sharing Shsp</i>	97.067	16WIULAWEN	\$ 3,288	\$ -
<i>FFY16 Homeland Security Preparedness Projects and Program</i>				
<i>Management Shsp Terrorism Prevention Activities</i>	97.067	16WIU	43	-
<i>FFY16 School and Campus Security Program Shsp</i>	97.067	16WIUTRG	52,101	-
<i>FFY17 Homeland Security Preparedness Projects and Program</i>				
<i>Management 17WIU</i>	97.067	17WIU	926,471	-
<i>FFY17 Homeland Security 17 SWIUTRG</i>	97.067	17SWIUTRG	226,317	-
<i>FFY17 Law Enforcement Office/Analyst Program ISPS</i>	97.067	17WIUISPS	11,035	-
<i>Jail and Cyber Intelligence Officers Shsp</i>	97.067	17WIUCYBJL	78,487	-
<i>FFY18 Homeland Security Preparedness Projects & Program</i>				
<i>Management 18WIU</i>	97.067	18WIU	34	-
<i>FFY18 Homeland Security 18 SWIUTRG</i>	97.067	18SWIUTRG	42	-
			<u>1,297,818</u>	<u>-</u>
Passed-Through Illinois Law Enforcement Training and Standards Board				
<i>FFY17 Homeland Security State Homeland Security Program</i>	97.067	NONE	262,188	-
			<u>262,188</u>	<u>-</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			\$ 1,560,006	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 75,564,756	\$ 193,505

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

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

NOTE 1 - BACKGROUND

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

Summary of Significant Accounting Policies - Basis of Presentation

The SEFA includes the federal awards activity of the University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Because the SEFA presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

NOTE 2 – FEDERAL STUDENT LOAN PROGRAMS

During the fiscal year ended June 30, 2019, the University issued new loans to students under the Federal Direct Student Loan Program. The loan amounts issued during the year are disclosed on the SEFA. The University is responsible only for the performance of certain administrative duties with the respect to federally guaranteed student loan programs and accordingly, balances and transactions relating to these loan programs are not included in the University's basic financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of the University at June 30, 2019.

In addition, the University participates in the Federal Perkins Loan Program. The Loan program is directly administered by the University and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year, loans made during the year and administrative cost allowance are included in the federal expenditures presented in the SEFA. The outstanding balance at June 30, 2019 was \$1,665,335. There were no new loans issued through the Federal Perkins Program during the year ended June 30, 2019.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(Continued)

For the Year Ended June 30, 2019

NOTE 3 - NON-CASH ASSISTANCE

The University did not receive any federal non-cash assistance during the fiscal year ended June 30, 2019.

NOTE 4 – FEDERAL UNEARNED REVENUE

The University did not have any unearned revenue related to federal programs as of June 30, 2019.

NOTE 5 - INSURANCE

During fiscal year ended 2019, there was no federally funded insurance in effect.

NOTE 6 – FEDERAL DEPOSITORY LIBRARY PROGRAM

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

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 APPROPRIATIONS FOR FISCAL YEAR 2019
 Sixteen Months Ended October 31, 2019

	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2019	Lapse Period Expenditures July 1 - October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
Public Act 100-0586					
<u>APPROPRIATED FUNDS</u>					
EDUCATION ASSISTANCE FUND (007)					
Operational Expenses	\$ 47,226,700	\$ 47,226,700	\$ -	\$ 47,226,700	\$ -
STATE COLLEGE AND UNIVERSITY TRUST FUND (417)					
Scholarships - License Plates	10,000	-	-	-	10,000
GRAND TOTAL - ALL FUNDS	\$ 47,236,700	\$ 47,226,700	\$ -	\$ 47,226,700	\$ 10,000

NOTES:

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the University's records as of October 31, 2019 and has been reconciled to the State Comptroller records.
- Note 2: Expenditure amounts are vouchers approved and paid by the University and submitted to the Office of the State Comptroller for reimbursement of payments made to vendors.

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Years Ended June 30, 2019 and 2018

	Fiscal Year	
	2019 P.A. 100-0586	2018 P.A. 100-0021
EDUCATION ASSISTANCE FUND (007)		
Appropriations (net of transfers)	\$ 47,226,700	\$ 46,300,700
Expenditures		
Personal Services	\$ -	\$ 40,883,000
Contractual services	-	2,449,400
Commodities	-	187,300
Equipment	-	351,900
Operation of Automotive Equipment	-	58,400
Telecommunications	-	131,900
Social Security/Medicare	-	2,238,800
Operational Expenses	47,226,700	-
Total expenditures	47,226,700	46,300,700
Lapsed balances	\$ -	\$ -
STATE COLLEGE AND UNIVERSITY TRUST FUND (417)		
Appropriations (net of transfers)	\$ 10,000	\$ 20,000
Expenditures		
Scholarships	-	-
Lapsed balances	\$ 10,000	\$ 20,000
GRAND TOTAL, ALL FUNDS		
Appropriations (net of transfers)	\$ 47,236,700	\$ 46,320,700
Expenditures	47,226,700	46,300,700
Lapsed balances	\$ 10,000	\$ 20,000

Notes:

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the University's records as of October 31, 2019 and September 30, 2018, and have been reconciled to State Comptroller.
- Note 2: Expenditure amounts are vouchers approved and paid by the University and submitted to the Office of the State Comptroller for reimbursement of payments made to vendors.

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2019
Non-depreciable capital assets:					
Land and land improvements	\$ 3,603,000	\$ -	\$ -	\$ -	\$ 3,603,000
Works of art and historical treasures	653,430	-	-	-	653,430
Construction in progress	5,257,684	1,303,785	-	(1,475,140)	5,086,329
Total non-depreciable capital assets	9,514,114	1,303,785	-	(1,475,140)	9,342,759
Depreciable capital assets:					
Site improvements	46,797,367	422,688	-	-	47,220,055
Buildings and building improvements	365,672,368	5,447	-	1,475,140	367,152,955
Equipment	77,970,219	1,869,525	(637,878)	10,325	79,212,191
Capital lease equipment	184,782	-	-	(10,325)	174,457
Total depreciable capital assets	490,624,736	2,297,660	(637,878)	1,475,140	493,759,658
Less accumulated depreciation:					
Site improvements	25,000,763	1,605,538	-	-	26,606,301
Buildings and building improvements	186,071,983	11,032,011	-	-	197,103,994
Equipment	73,495,540	1,510,830	(624,984)	10,325	74,391,711
Capital lease equipment	51,358	37,473	-	(10,325)	78,506
Total accumulated depreciation	284,619,644	14,185,852	(624,984)	-	298,180,512
Total depreciable capital assets, net	206,005,092	(11,888,192)	(12,894)	1,475,140	195,579,146
Capital assets, net	\$ 215,519,206	\$ (10,584,407)	\$ (12,894)	\$ -	\$ 204,921,905

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

SCHEDULE 5

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES
For the Years Ended June 30, 2019 and 2018**

	2019	2018
INCOME FUND		
REVENUES		
Tuition	\$ 60,816,842	\$ 67,774,987
Other student charges	2,355,064	2,205,174
Fines	1,785	2,185
Finance charges	347,231	389,569
Interest	181,761	228,808
Other	389,312	841,444
	64,091,995	71,442,167
 EXPENDITURES		
Personal services	44,424,635	48,785,819
Contractual services	7,153,549	7,469,771
Travel	294,852	347,871
Commodities	703,017	750,747
Library books and equipment	1,381,265	1,385,161
Operation of automotive equipment	119,289	75,148
Telecommunications	146,284	185,032
Awards, grants, and matching funds	7,413,599	7,487,753
FICA/Medicare contributions	657,017	486,480
Group insurance	209,800	209,800
Permanent improvements	13,910	26,618
Tuition and fees waived	7,484,956	7,670,995
Employment security	10,375	18,865
	70,012,548	74,900,060
 DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (5,920,553)	\$ (3,457,893)

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 COMPARATIVE SCHEDULE OF CASH AND CASH EQUIVALENTS
 June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents		
Cash on hand	\$ 56,646	\$ 56,385
Checking accounts:		
Morton Community Bank (non-interest bearing)	101,352	124,976
Illinois Funds (2019, 2.274%; 2018, 1.314%)	821,077	2,096,936
Morton Community Bank (2019, 2.466%; 2018, 1.527%)	<u>46,881,437</u>	<u>50,631,472</u>
Total cash and cash equivalents	<u>\$ 47,860,512</u>	<u>\$ 52,909,769</u>

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FEDERAL EXPENDITURES, NONFEDERAL EXPENSES AND NEW LOANS
For the Year Ended June 30, 2019**

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA	\$ 75,564,756
Total new loans made	-
Amount of federal loan balances at beginning of the year	-
Total Schedule A	<u>\$ 75,564,756</u>

Schedule B - Total Financial Component

Total operating expenses	\$ 236,058,132
Total nonoperating expenses	32,434,310
Total new loans made	49,232,530
Amount of federal loan balances at beginning of the year	2,193,951
Total Schedule B	<u>\$ 319,918,923</u>

Schedule C

Total Schedule A	\$ 75,564,756	23.6%
Total nonfederal expenses	<u>244,354,167</u>	<u>76.4%</u>
Total Schedule C	<u>\$ 319,918,923</u>	<u>100.0%</u>

* Loan amounts are included throughout the SEFA schedule and included in the total expenditures on the SEFA.

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SUMMARY OF INDIRECT COST REIMBURSEMENTS
STATEMENT OF SOURCES AND APPLICATIONS
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
SOURCES		
Federal	\$ 610,804	\$ 600,465
State	343,600	309,849
Private	27,952	19,670
Other	223,640	107,455
	<u>1,205,996</u>	<u>1,037,439</u>
APPLICATIONS		
Research	110,450	117,674
Academic support	106,967	91,501
Institutional support	315,993	251,951
	<u>533,410</u>	<u>461,126</u>
EXCESS OF SOURCES OVER APPLICATIONS	672,586	576,313
TRANSFERS AND OTHER DEDUCTIONS		
Transfers to other funds	<u>(133,742)</u>	<u>(133,996)</u>
EXCESS OF SOURCES OVER APPLICATIONS AFTER TRANSFERS AND OTHER DEDUCTIONS	538,844	442,317
FUND BALANCE, BEGINNING OF YEAR	<u>1,704,343</u>	<u>1,262,026</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 2,243,187</u></u>	<u><u>\$ 1,704,343</u></u>

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SUMMARY OF INDIRECT COST REIMBURSEMENTS
CALCULATION SHEET FOR INDIRECT COST CARRY-FORWARD (UNAUDITED)
For the Year Ended June 30, 2019**

1. Cash and cash equivalents balance

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

Add:

Cash.....	\$	2,278,068	
Cash equivalents.....	\$	-	
Bank deposits.....	\$	-	
Marketable securities.....	\$	-	
Certificates of deposit.....	\$	-	
Repurchase agreements.....	\$	-	
Other cash equivalent items.....	\$	-	
Interfund receivables.....	\$	-	\$ 2,278,068

2. Allocated reimbursements

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

\$ 1,422,516; enter 30% of this amount..... \$ 426,755

3. Unallocated reimbursements

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

\$ -

4. Encumbrances and current liabilities paid in lapse period

Enter the amount of:

Current liabilities.....	\$	44,606
Encumbrances.....	\$	-
Total.....	\$	44,606

5. Indirect cost carry-forward

a. Enter the total of items 2, 3 and 4..... \$ 471,361

b. Subtract from item 1 \$ 1,806,707

If a positive number results, enter here and remit for deposit in the Income Fund..... \$ 1,806,707

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED)
 June 30, 2019

	<u>Auxiliary Enterprises - Revenue Bond</u>			
	<u>University Union</u>	<u>Recreation Facility</u>	<u>University Housing and Dining</u>	<u>Total</u>
CURRENT AVAILABLE FUNDS:				
Cash and cash equivalents (A)	\$ 3,253,155	\$ 1,849,422	\$ 3,902,239	\$ 9,004,816
WORKING CAPITAL ALLOWANCES:				
Highest month's expenditures	1,043,940	311,720	4,577,397	5,933,057
Encumbrances and current liabilities paid in lapse period	158,839	53,390	617,305	829,534
Refundable deposits/unearned revenue	25,718	75,161	75,027	175,906
Allowance for sick leave/vacation payouts	41,386	17,150	97,338	155,874
Total working capital allowances (B)	<u>1,269,883</u>	<u>457,421</u>	<u>5,367,067</u>	<u>7,094,371</u>
CURRENT EXCESS FUNDS:				
Deduct B from A (C)	<u>1,983,272</u>	<u>1,392,001</u>	<u>(1,464,828)</u>	<u>1,910,445</u>
CALCULATION OF INCOME FUND REMITTANCE:				
An entity may offset excess capital or current funds within the entity:				
Enter the amount to be offset (D)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	<u>\$ 1,983,272</u>	<u>\$ 1,392,001</u>	<u>\$ (1,464,828)</u>	<u>\$ 1,910,445</u>

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED)
June 30, 2019

	Public Service 02	Student Programs and Services 03	Instructional Resources and Services 04	University Stores and Service Centers 05	University Publications 06	Sponsored Credit Programs 08	University Services 12
CURRENT AVAILABLE FUNDS:							
Cash and cash equivalents	\$ 1,513,340	\$ (845,057)	\$ 1,289,923	\$ (614,799)	\$ 4,867	\$ 44,282	\$ 222,987
Interfund receivables	249	290	300	10,296	-	-	-
Total current available funds (A)	<u>1,513,589</u>	<u>(844,767)</u>	<u>1,290,223</u>	<u>(604,503)</u>	<u>4,867</u>	<u>44,282</u>	<u>222,987</u>
WORKING CAPITAL ALLOWANCES:							
Highest month's expenditures	567,015	4,715,150	434,201	566,552	775	5,530	275,723
Encumbrances and current liabilities paid in lapse period	171,450	194,305	48,125	143,095	1,004	3,423	38,255
Refundable deposits/unearned revenue	62,028	60,536	12,758	-	-	-	-
Total working capital allowances (B)	<u>800,493</u>	<u>4,969,991</u>	<u>495,084</u>	<u>709,647</u>	<u>1,779</u>	<u>8,953</u>	<u>313,978</u>
CURRENT EXCESS FUNDS:							
Deduct B from A (C)	<u>713,096</u>	<u>(5,814,758)</u>	<u>795,139</u>	<u>(1,314,150)</u>	<u>3,088</u>	<u>35,329</u>	<u>(90,991)</u>
CALCULATION OF INCOME FUND REMITTANCE:							
An entity may offset excess capital or current funds within the entity:							
Enter the amount to be offset (D)	<u>(66,786)</u>	<u>(314,188)</u>	<u>(235,525)</u>	<u>(7,120)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	<u>\$ 646,310</u>	<u>\$ (6,128,946)</u>	<u>\$ 559,614</u>	<u>\$ (1,321,270)</u>	<u>\$ 3,088</u>	<u>\$ 35,329</u>	<u>\$ (90,991)</u>

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED)
June 30, 2019

	Unique Charge Programs					
	RPTA Travel & Activities 07	Honors Study Abroad 07	Econ Peru 07	RPTA 485 Fly Fisheries 07	Art in NYC 07	WIU Livestock Judging 07
CURRENT AVAILABLE FUNDS:						
Cash and cash equivalents	\$ 600	\$ 2,555	\$ 250	\$ 1,159	\$ 6,429	\$ (112)
Interfund receivables	-	600	-	-	600	-
Total current available funds (A)	<u>600</u>	<u>3,155</u>	<u>250</u>	<u>1,159</u>	<u>7,029</u>	<u>(112)</u>
WORKING CAPITAL ALLOWANCES:						
Highest month's expenditures	-	-	-	-	-	-
Encumbrances and current liabilities paid in lapse period	-	-	250	589	1,042	-
Refundable deposits/unearned revenue	-	-	-	-	-	-
Total working capital allowances (B)	<u>-</u>	<u>-</u>	<u>250</u>	<u>589</u>	<u>1,042</u>	<u>-</u>
CURRENT EXCESS FUNDS:						
Deduct B from A (C)	<u>600</u>	<u>3,155</u>	<u>-</u>	<u>570</u>	<u>5,987</u>	<u>(112)</u>
CALCULATION OF INCOME FUND REMITTANCE:						
An entity may offset excess capital or current funds within the entity:						
Enter the amount to be offset (D)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	<u>\$ 600</u>	<u>\$ 3,155</u>	<u>\$ -</u>	<u>\$ 570</u>	<u>\$ 5,987</u>	<u>\$ (112)</u>

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED) (Continued)
June 30, 2019

	Unique Charge Programs (Continued)						
	Business- Ireland 07	Disney CC Land & Sea 07	Hippo Holistic Heal 07	London the City Experience 07	British Media Study 07	EOCEE Fall 2017 07	Intl Health Ecuador 07
CURRENT AVAILABLE FUNDS:							
Cash and cash equivalents	\$ 12,619	\$ -	\$ 3,434	\$ -	\$ 12	\$ 13,279	\$ 534
Interfund receivables	600	-	-	-	-	-	-
Total current available funds (A)	<u>13,219</u>	<u>-</u>	<u>3,434</u>	<u>-</u>	<u>12</u>	<u>13,279</u>	<u>534</u>
WORKING CAPITAL ALLOWANCES:							
Highest month's expenditures	-	-	-	-	-	-	-
Encumbrances and current liabilities paid in lapse period	-	-	869	-	-	-	534
Refundable deposits/unearned revenue	-	-	23,655	-	-	18,290	-
Total working capital allowances (B)	<u>-</u>	<u>-</u>	<u>24,524</u>	<u>-</u>	<u>-</u>	<u>18,290</u>	<u>534</u>
CURRENT EXCESS FUNDS:							
Deduct B from A (C)	<u>13,219</u>	<u>-</u>	<u>(21,090)</u>	<u>-</u>	<u>12</u>	<u>(5,011)</u>	<u>-</u>
CALCULATION OF INCOME FUND REMITTANCE:							
An entity may offset excess capital or current funds within the entity:							
Enter the amount to be offset (D)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	<u>\$ 13,219</u>	<u>\$ -</u>	<u>\$ (21,090)</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ (5,011)</u>	<u>\$ -</u>

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED) (Continued)
June 30, 2019

	Unique Charge Programs (Continued)			
	EOCEE	WISE	RPTA	Total
	Fall 2018	Spain SP17	Consortium	
	07	07	07	07
CURRENT AVAILABLE FUNDS:				
Cash and cash equivalents	\$ 1,518	\$ 12,710	\$ 282	\$ 55,269
Interfund receivables	-	600	-	2,400
Total current available funds (A)	1,518	13,310	282	57,669
WORKING CAPITAL ALLOWANCES:				
Highest month's expenditures	-	-	-	-
Encumbrances and current liabilities paid in lapse period	1,535	-	-	4,819
Refundable deposits/unearned revenue	-	-	-	41,945
Total working capital allowances (B)	1,535	-	-	46,764
CURRENT EXCESS FUNDS:				
Deduct B from A (C)	(17)	13,310	282	10,905
CALCULATION OF INCOME FUND REMITTANCE:				
An entity may offset excess capital or current funds within the entity:				
Enter the amount to be offset (D)	-	-	-	-
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	\$ (17)	\$ 13,310	\$ 282	\$ 10,905

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
CALCULATION OF CURRENT EXCESS FUNDS (UNAUDITED) (Continued)
June 30, 2019

	Auxiliary Enterprises - Other		
	Parking Operations 11	Transit Fee/ QC Bookstore 13	Total
	CURRENT AVAILABLE FUNDS:		
Cash and cash equivalents	\$ 533,413	\$ 12,907	\$ 546,320
Interfund receivables	-	-	-
Total current available funds (A)	533,413	12,907	546,320
WORKING CAPITAL ALLOWANCES:			
Highest month's expenditures	54,376	151,573	205,949
Encumbrances and current liabilities paid in lapse period	10,000	2,770	12,770
Refundable deposits/unearned revenue	-	3,943	3,943
Total working capital allowances (B)	64,376	158,286	222,662
CURRENT EXCESS FUNDS:			
Deduct B from A (C)	469,037	(145,379)	323,658
CALCULATION OF INCOME FUND REMITTANCE:			
An entity may offset excess capital or current funds within the entity:			
Enter the amount to be offset (D)	(111,877)	-	(111,877)
Enter the sum of C and D and move the amount due, if any, for deposit in the Income Fund	\$ 357,160	\$ (145,379)	\$ 211,781

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
For the Year Ended June 30, 2019**

**UNIVERSITY ACCOUNTING ENTITIES AND RELATED SOURCES OF
REVENUES AND PURPOSES**

Indirect Cost

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

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

Public Service

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

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

Student Programs and Services

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

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

Instructional Resources and Services

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

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

University Stores and Service Centers

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

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

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
For the Year Ended June 30, 2019

UNIVERSITY ACCOUNTING ENTITIES AND RELATED SOURCES OF
REVENUES AND PURPOSES (Continued)

University Publications

Source: Subscriptions and charges for university-sponsored publications

Purpose: Preparation, promotion and distribution of University publications.

Unique Charge Programs

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

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

Sponsored Credit Programs

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

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

Unrestricted Gifts

Source: Unrestricted gifts received by the University

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

Compensated Absences

Source: None

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
For the Year Ended June 30, 2019**

**UNIVERSITY ACCOUNTING ENTITIES AND RELATED SOURCES OF
REVENUES AND PURPOSES (Continued)**

Auxiliary Enterprises – Revenue Bond Fund

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

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

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

Auxiliary Enterprises – Other

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

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

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

University Services

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

Purpose: To recover costs associated with general University support services such as Business Services, Human Resources, University Technology, Public Safety, etc., provided to locally funded operations.

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 CURRENT FUNDS, UNRESTRICTED, OTHER
 BALANCE SHEET BY ENTITY
 June 30, 2019

	Indirect Cost	Public Service	Student Programs and Services	Instructional Resources and Services	University Stores and Service Centers	University Publications	Unique Charge Programs	Sponsored Credit Programs	Unrestricted Gifts	Compensated Absences for All Entities	University Services	Total
ASSETS												
Cash and temporary cash investments	\$ 2,278,068	\$ 1,512,530	\$ (848,502)	\$ 1,289,823	\$ (625,344)	\$ 4,867	\$ 55,268	\$ 44,282	\$ 20,597	\$ 1,778,107	\$ 222,987	\$ 5,732,683
Cash, change funds	-	810	3,445	100	10,545	-	-	-	-	-	-	14,900
Accounts receivable, net	-	101,805	543,768	54,033	37,882	9	2,400	-	-	-	-	739,897
Inventories	-	23,777	42,235	89,264	921,625	-	-	-	-	-	-	1,076,901
Other	-	-	164,252	10,671	7,796	-	-	-	-	-	-	182,719
Investment in plant:												
Equipment	-	254,182	178,210	95,734	420,223	-	-	-	-	-	-	948,349
Building	-	-	248,379	-	145,571	-	-	-	-	-	60,952	454,902
TOTAL ASSETS	2,278,068	1,893,104	331,787	1,539,625	918,298	4,876	57,668	44,282	20,597	1,778,107	283,939	9,150,351
DEFERRED OUTFLOWS OF RESOURCES												
Deferred outflows of resources - pension	1,636	-	-	-	-	-	-	-	-	-	-	1,636
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,279,704	1,893,104	331,787	1,539,625	918,298	4,876	57,668	44,282	20,597	1,778,107	283,939	9,151,987
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accrued salaries and wages	18,470	126,397	143,713	11,022	17,471	1,004	-	3,423	-	-	38,108	359,608
Accounts payable	16,411	26,272	41,261	30,547	108,557	-	4,818	-	132	-	147	228,145
Accrued compensated absences	-	-	-	-	-	-	-	-	-	632,450	-	632,450
Deferred revenue	-	62,028	60,536	12,758	-	-	41,945	-	-	-	-	177,267
Lease obligations payable	-	-	-	-	110,068	-	-	-	-	-	-	110,068
Total liabilities	34,881	214,697	245,510	54,327	236,096	1,004	46,763	3,423	132	632,450	38,255	1,507,538
FUND BALANCES (DEFICIT)												
Current unrestricted	2,244,823	1,357,438	(816,532)	1,154,039	219,357	3,872	10,905	40,859	20,465	1,145,657	184,731	5,565,614
Renewals and replacements	-	66,787	314,188	235,525	7,119	-	-	-	-	-	-	623,619
Net investment in plant	-	254,182	588,621	95,734	455,726	-	-	-	-	-	60,953	1,455,216
Total fund balances	2,244,823	1,678,407	86,277	1,485,298	682,202	3,872	10,905	40,859	20,465	1,145,657	245,684	7,644,449
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,279,704	\$ 1,893,104	\$ 331,787	\$ 1,539,625	\$ 918,298	\$ 4,876	\$ 57,668	\$ 44,282	\$ 20,597	\$ 1,778,107	\$ 283,939	\$ 9,151,987

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 CURRENT FUNDS, UNRESTRICTED, OTHER
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BY ENTITY
 For the Year Ended June 30, 2019

	Indirect Cost	Public Service	Student Programs and Services	Instructional Resources and Services	University Stores and Service Centers	University Publications	Unique Charge Programs	Sponsored Credit Programs	Unrestricted Gifts	Compensated Absences for All Entities	University Services	Total
REVENUES AND OTHER ADDITIONS												
Fees and dues	\$ -	\$ 198,940	\$ 8,951,564	\$ 1,417,256	\$ 1,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 10,569,659
Indirect cost recovery	1,100,225	-	-	-	-	-	-	-	-	-	-	1,100,225
Investment income	35,160	18,566	81,332	21,127	23,702	100	3	85	353	35,485	4,338	220,251
Sales and subscriptions	-	172,126	214,042	112,461	1,512,414	1,175	3,030	-	-	-	-	2,015,248
Charges for services	57,000	2,307,867	880,841	105,845	1,685,264	-	369,627	141,873	6,900	-	5,000	5,560,217
Athletic guarantees	-	-	718,500	-	-	-	-	-	-	-	-	718,500
Other	3,351	3,436	1,093,014	76,370	127,053	613	80	3,605	-	-	-	1,307,522
Gifts	10,260	46,923	2,745	281	1,191	-	5,010	-	11,556	-	-	77,966
Expended for plant facilities	38,560	79,091	30,214	-	26,290	-	-	-	-	-	-	174,155
Other fixed asset additions	3,000	-	500	-	28,622	-	-	-	-	-	-	32,122
Total revenues and other additions	1,247,556	2,826,949	11,972,752	1,733,340	3,406,415	1,888	377,750	145,563	18,809	35,485	9,358	21,775,865
EXPENDITURES AND OTHER DEDUCTIONS												
Cost of sales	-	91,168	41,330	(14,221)	1,386,834	-	186	-	-	-	-	1,505,297
Personal services	31,573	1,451,703	3,234,021	494,195	557,674	990	3,101	38,505	372	43,554	1,177,559	7,033,247
Contractual services	332,529	443,581	6,127,632	508,193	298,319	311	333,601	25,190	707	-	488,242	8,558,305
Telecommunications	2,534	18,516	128,059	10,586	157,369	-	346	-	-	-	4,450	321,860
Travel	15,839	19,438	160,918	33,961	226,016	-	14,548	3,821	90	-	2,610	477,241
Retirement	1,600	-	-	-	-	-	-	-	-	-	-	1,600
Commodities	23,223	92,795	796,077	421,931	166,246	350	8,135	4,984	1,763	-	7,898	1,523,402
Equipment	124,772	182,479	334,400	113,866	41,297	-	260	368	267	-	980	798,689
Scholarships	-	6,602	2,310,818	9,500	-	-	-	-	-	-	-	2,326,920
Compensated absences adjustment	-	-	-	-	-	-	-	-	-	(139,175)	-	(139,175)
Athletic guarantees	-	-	89,222	-	-	-	-	-	-	-	-	89,222
Other	1,304	174,829	315,417	98,580	164,610	109	511	62,874	944	419	(1,809,000)	(989,403)
Other fixed asset deductions	-	74,031	93,791	50,193	154,432	-	-	-	-	-	9,909	382,356
Total expenditures and other deductions	533,374	2,555,142	13,631,685	1,726,784	3,152,797	1,760	360,688	135,742	4,143	(95,202)	(117,352)	21,889,561
NET INCREASE (DECREASE) IN FUND BALANCES BEFORE TRANSFERS	714,182	271,807	(1,658,933)	6,556	253,618	128	17,062	9,821	14,666	130,687	126,710	(113,696)
TRANSFERS												
Transfers to other funds, current funds	(133,742)	-	-	-	-	-	-	-	-	-	-	(133,742)
Transfers to other funds, plant funds	(41,560)	-	26,387	-	(11,864)	-	-	-	-	-	-	(27,037)
Transfers for lease obligation payments	-	-	-	-	(42,049)	-	-	-	-	-	-	(42,049)
Total transfers	(175,302)	-	26,387	-	(53,913)	-	-	-	-	-	-	(202,828)
NET INCREASE (DECREASE) FOR THE YEAR	538,880	271,807	(1,632,546)	6,556	199,705	128	17,062	9,821	14,666	130,687	126,710	(316,524)
FUND BALANCES, BEGINNING OF YEAR	1,705,943	1,406,600	1,718,823	1,478,742	482,497	3,744	(6,157)	31,038	5,799	1,014,970	118,974	7,960,973
FUND BALANCES (DEFICIT), END OF YEAR	\$ 2,244,823	\$ 1,678,407	\$ 86,277	\$ 1,485,298	\$ 682,202	\$ 3,872	\$ 10,905	\$ 40,859	\$ 20,465	\$ 1,145,657	\$ 245,684	\$ 7,644,449

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
BALANCE SHEET BY ENTITY
June 30, 2019

	University Union	Recreation Facility	University Housing and Dining	Total
ASSETS				
Current funds:				
Cash and investments	\$3,253,155	\$1,849,422	\$ 3,902,239	\$ 9,004,816
Accounts and interest receivable, less allowance for doubtful accounts of \$2,657,700	382,343	88,288	1,783,919	2,254,550
Inventories	752,671	17,534	-	770,205
Prepaid Expense	-	-	994	994
Total assets, current funds	4,388,169	1,955,244	5,687,152	12,030,565
Plant funds:				
Cash - retirement of indebtedness	30,198	21,927	565,291	617,416
Cash and investments - renewals and replacements	1,023,486	992,791	13,606,947	15,623,224
Investment in plant, net:				
Land, buildings, and improvements	7,853,063	11,513,630	62,000,044	81,366,737
Equipment	7,080	80,845	128,736	216,661
Construction in progress	671,736	-	-	671,736
Bond issuance costs	-	18,293	197,818	216,111
Unamortized losses on debt refunding	2,900	35,736	157,777	196,413
Total assets, plant funds	9,588,463	12,663,222	76,656,613	98,908,298
TOTAL ASSETS	13,976,632	14,618,466	82,343,765	110,938,863
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Current funds:				
Accrued payroll	63,817	33,902	229,087	326,806
Accounts payable	83,558	19,488	354,018	457,064
Unearned revenue	25,718	75,161	75,027	175,906
Accrued compensated absences	195,094	80,847	458,857	734,798
Total liabilities, current funds	368,187	209,398	1,116,989	1,694,574
FUND BALANCES				
Fund balances, reserve for operations	4,019,982	1,745,846	4,570,163	10,335,991
Total liabilities and fund balances, current funds	4,388,169	1,955,244	5,687,152	12,030,565
LIABILITIES				
Plant funds:				
Accounts payable and accrued payroll	775	-	980	1,755
Accrued interest	30,116	22,095	564,225	616,436
Revenue bonds payable	3,674,009	2,210,348	45,156,392	51,040,749
Certificates of participation payable	-	-	780,451	780,451
Total liabilities, plant funds	3,704,900	2,232,443	46,502,048	52,439,391
FUND BALANCES				
Retirement of indebtedness	82	18,125	198,884	217,091
Renewals, replacements reserve	1,022,711	992,791	13,605,967	15,621,469
Investment in plant, net	4,860,770	9,419,863	16,349,714	30,630,347
Total fund balances, plant funds	5,883,563	10,430,779	30,154,565	46,468,907
Total liabilities and fund balances, plant funds	9,588,463	12,663,222	76,656,613	98,908,298
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,976,632	\$ 14,618,466	\$ 82,343,765	\$ 110,938,863

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BY ENTITY
For the Year Ended June 30, 2019**

	University Union	Recreation Facility	University Housing & Dining	Total
REVENUES				
Room and board	\$ -	\$ -	\$ 24,538,907	\$ 24,538,907
Graduate and family housing	-	-	203,885	203,885
Sales and services	2,282,539	452,582	1,249,308	3,984,429
Student fees	2,333,689	2,192,391	523,551	5,049,631
Investment income	107,397	50,193	543,435	701,025
Other	98,685	18,075	1,235,925	1,352,685
Total revenues	4,822,310	2,713,241	28,295,011	35,830,562
OPERATING EXPENDITURES				
Cost of merchandise sold	1,506,962	35,623	-	1,542,585
Personal services:				
Student	138,417	258,885	1,041,760	1,439,062
Regular	1,777,419	919,835	5,891,711	8,588,965
Compensated absences	(52,330)	(27,082)	(173,464)	(252,876)
Fringe benefits	55,174	28,164	238,495	321,833
Food service and catering	14,037	653	9,126,262	9,140,952
Contractual services	142,380	41,671	577,315	761,366
Supplies	33,505	70,688	180,471	284,664
Travel	1,920	276	7,632	9,828
Utilities	214,551	142,051	2,155,340	2,511,942
Telephone	13,546	3,737	39,173	56,456
Repairs and maintenance	90,238	62,051	857,249	1,009,538
Insurance	23,745	14,811	225,790	264,346
Other financial	26,800	2,660	13,205	42,665
Equipment	8,522	2,531	28,098	39,151
Bad debts	5,338	2,156	(53,019)	(45,525)
Administrative support	163,025	92,119	946,210	1,201,354
Miscellaneous	94,915	32,035	1,313,054	1,440,004
Total operating expenditures	4,258,164	1,682,864	22,415,282	28,356,310
EXCESS OF REVENUES OVER OPERATING EXPENDITURES	564,146	1,030,377	5,879,729	7,474,252
TRANSFERS				
Transfers for principal and interest	(71,465)	(52,126)	(1,157,142)	(1,280,733)
Transfers for renewals, replacements, deferred maintenance and equipment reserve	(42,074)	(102,022)	(435,993)	(580,089)
Total transfers	(113,539)	(154,148)	(1,593,135)	(1,860,822)
NET INCREASE FOR THE YEAR	450,607	876,229	4,286,594	5,613,430
FUND BALANCES, BEGINNING OF YEAR	3,569,375	869,617	283,569	4,722,561
FUND BALANCES, END OF YEAR	\$ 4,019,982	\$ 1,745,846	\$ 4,570,163	\$ 10,335,991

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - REVENUE BONDS
PLANT FUNDS STATEMENT OF CHANGES IN FUND BALANCES BY ENTITY
For the Year Ended June 30, 2019**

	University Union	Recreation Facility	University Housing & Dining	Total
Retirement of indebtedness				
Fund balances, July 1, 2018	\$ -	\$ 20,410	\$ 215,102	\$ 235,512
Interest income	82	79	845	1,006
Bond issuance expenditures	-	(2,360)	(17,041)	(19,401)
Retirement of bonds	(259,861)	(360,244)	(3,979,895)	(4,600,000)
Interest paid, bonds	(145,509)	(106,212)	(2,357,607)	(2,609,328)
Mandatory debt retirement transfer	405,370	466,452	6,337,480	7,209,302
Fund balances, June 30, 2019	<u>\$ 82</u>	<u>\$ 18,125</u>	<u>\$ 198,884</u>	<u>\$ 217,091</u>
Renewals, replacements, def. maint. and equipment reserve				
Fund balances, July 1, 2018	\$ 2,030,331	\$ 1,356,331	\$ 18,583,259	\$ 21,969,921
Transfers from current funds	42,074	102,022	435,993	580,089
Transfers to retirement of indebtedness	(333,826)	(415,093)	(5,179,650)	(5,928,569)
Miscellaneous income	1,263	-	-	1,263
Expenditures for renewals and replacements	(717,131)	(50,469)	(233,635)	(1,001,235)
Fund balances, June 30, 2019	<u>\$ 1,022,711</u>	<u>\$ 992,791</u>	<u>\$ 13,605,967</u>	<u>\$ 15,621,469</u>
Investment in plant (net)				
Fund balances, July 1, 2018	\$ 4,589,580	\$ 9,486,766	\$ 17,338,027	\$ 31,414,373
Retirement of bonds	259,861	360,244	4,035,545	4,655,650
Additions to plant	615,634	22,981	4,888	643,503
Depreciation	(603,829)	(471,278)	(5,096,964)	(6,172,071)
Discount amortization	3,727	43,067	139,854	186,648
Refund amortization	(3,869)	(21,703)	(68,180)	(93,752)
Transfers (net)	(334)	(214)	(3,456)	(4,004)
Fund balances, June 30, 2019	<u>\$ 4,860,770</u>	<u>\$ 9,419,863</u>	<u>\$ 16,349,714</u>	<u>\$ 30,630,347</u>

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - OTHER
BALANCE SHEET BY ENTITY
June 30, 2019

	Parking Operations	Transit Fee	Quad Cities Bookstore	Total
ASSETS				
Cash and temporary cash investments	\$ 533,113	\$ 20,565	\$ (7,858)	\$ 545,820
Change funds	300	-	200	500
Accounts receivable, net	53,238	19,725	-	72,963
Inventory	-	-	7,934	7,934
Investment in plant:				
Buildings	10,033	-	-	10,033
Site improvements	1,378,054	76,801	-	1,454,855
Equipment	-	1,384	-	1,384
TOTAL ASSETS	1,974,738	118,475	276	2,093,489
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued payroll	9,753	1,939	-	11,692
Accounts payable	-	8,389	-	8,389
Deferred revenue	-	3,943	-	3,943
Total liabilities	9,753	14,271	-	24,024
FUND BALANCES				
Current unrestricted	465,021	26,019	276	491,316
Renewals and replacements	111,877	-	-	111,877
Net investment in plant	1,388,087	78,185	-	1,466,272
Total fund balances	1,964,985	104,204	276	2,069,465
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,974,738	\$ 118,475	\$ 276	\$ 2,093,489

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
AUXILIARY ENTERPRISE FUNDS - OTHER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BY ENTITY
For the Year Ended June 30, 2019

	Parking Operations	Transit Fee	Quad Cities Bookstore	Total
REVENUES AND OTHER ADDITIONS				
Sales and services	\$ 472,494	\$ -	\$ 8,658	\$ 481,152
Fees	-	483,647	-	483,647
Investment income	9,501	3,189	-	12,690
Fines	218,338	-	-	218,338
Other revenues	2,474	2,954	124	5,552
Expended for plant facilities	296,396	-	-	296,396
Other fixed asset additions	51,601	-	-	51,601
Total revenues and other additions	1,050,804	489,790	8,782	1,549,376
EXPENDITURES AND OTHER DEDUCTIONS				
Personal services	305,139	64,655	-	369,794
Contractual services	62,314	214,583	441	277,338
Cost of goods sold	-	-	7,693	7,693
Commodities	12,746	7,688	-	20,434
Equipment	1,592	-	-	1,592
Travel	87	628	-	715
Telecommunications	1,351	566	-	1,917
Other expenditures	61,581	193,311	439	255,331
Expended for plant facilities	296,396	-	-	296,396
Expended for renewals and replacements	(79,616)	-	-	(79,616)
Other fixed asset deductions	102,098	7,636	-	109,734
Total expenditures and other deductions	763,688	489,067	8,573	1,261,328
NET INCREASE IN FUND BALANCES BEFORE TRANSFERS	287,116	723	209	288,048
TRANSFERS				
Transfers from other funds, plant funds	26,142	-	-	26,142
NET INCREASE FOR THE YEAR	313,258	723	209	314,190
FUND BALANCES, BEGINNING OF YEAR	1,651,727	103,481	67	1,755,275
FUND BALANCES, END OF YEAR	\$ 1,964,985	\$ 104,204	\$ 276	\$ 2,069,465

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED)
For the Year Ended June 30, 2019**

UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)

The primary focus of Western Illinois University (University), a component unit of the State of Illinois (State), is on instruction and an additional commitment to research and public service. Dr. Jack Thomas was the President of the University during FY19. Dr. Martin Abraham is the current acting President of the University. The University has campuses located in Macomb and Moline, Illinois.

The University developed various institutional planning programs to guide implementation of the University's vision, mission, values, goals and priorities. These programs include the University's *Higher Values in Higher Education (HVHE) 2017-2027 Strategic Plan*, Campus Master Plans, Institutional Strategic Plan for Technology, and institutional accreditation reporting for the Higher Learning Commission - North Central Association of Colleges and Schools. The following shows a brief description of the institutional plans:

- The University developed a strategic plan that guides its daily operations, planning and resource allocation in support of academic mission and service operations. The Strategic Plan is a ten-year long-term vision for the University which was endorsed by all campus governance groups and approved for implementation by the University Board of Trustees. The University holds itself accountable to advancing the priorities and goals of the University's Strategic Plan by means of monthly/annual updates and each spring, the Vice Presidents and areas that report to the President present an overview of their areas accomplishments and plans in an open two-day forum and provide a consolidated annual report of their accomplishments, plans and budget requests. In the new HVHE edition, goals were aligned directly with the University's core values, to recognize the emphasis the University places in demonstrating these values.
- Campus Master Plans for Macomb and Quad Cities identify a 20-year plan for new and remodeled facilities, infrastructure and grounds at Western Illinois University. These plans were endorsed by all campus governance groups for implementation by the Western Illinois University Board of Trustees. The *Macomb Campus Master Plan 2012-2032* balances the need for facility and site improvements with fiscal realities of the present day. The plan is a collection of powerful ideas which established the framework for coordinating physical change on the Macomb campus. The plan presents a twenty-year vision to guide the future of the institution. The fundamental used in the 2007 Campus Master Plan remains relevant and served as the starting point for the 2012 master planning effort. *Vision 2020 for Quad Cities campus Master Plan* reflects the institution's values and creates a campus environment where lifelong relationships are established, ideas are tested, and learning is inspired. The *Campus Master Plan Updates* document institutional master plan accomplishments annually.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019

UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED) (Continued)

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

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

Institutional Research and Planning (IRP) analyzes a variety of university and related data to assist in measuring performance and planning for the future of Western Illinois University. IRP annually produces the WIU Fact Book which is a commonly used source of current and historical information about the University's faculty, staff, and students.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019

UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED) (Continued)

The Budget Office is responsible for developing and preparing the University's annual operating and capital budget requests; administering and monitoring departmental operating and personal services budgets; and preparing reports and special studies regarding budgets, expenditures, and staffing patterns. The primary planning program of the University is coordinated through the Budget Office, which provides a full-time budget and planning function. It is responsible for the preparation of the Resource Allocation and Management Program (RAMP). The primary planning program of the University is coordinated through the Budget Office, which provides a full-time budget and planning function.

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

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

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
June 30, 2019 and 2018

ANALYSIS OF VARIATIONS IN ACCOUNT BALANCES (UNAUDITED)

	FISCAL YEAR ENDED JUNE 30		INCREASE (DECREASE)		
	2019	2018	AMOUNT	%	
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 22,168,801	\$ 25,358,475	\$ (3,189,674)	-13%	(1)
Cash and cash equivalents, restricted	25,691,711	27,551,294	(1,859,583)	-7%	(1)
Accounts receivable, net	7,215,581	7,468,137	(252,556)	-3%	(2)
Accounts receivable, net, restricted	2,251,541	1,829,429	422,112	23%	(2)
Student loans receivable, net	336,954	351,998	(15,044)	-4%	
Due from component unit	180,265	148,245	32,020	22%	
Due from component unit, restricted	3,010	1,600	1,410	88%	
Due from primary government	2,170,888	1,399,986	770,902	55%	(3)
Inventories	1,084,835	1,051,661	33,174	3%	
Inventories, restricted	770,205	891,258	(121,053)	-14%	
Prepaid expenses and other assets	308,304	213,956	94,348	44%	
Prepaid expenses and other assets, restricted	20,395	20,395	-	0%	
<i>Total current assets</i>	<u>62,202,490</u>	<u>66,286,434</u>	<u>(4,083,944)</u>	<u>-6%</u>	
<i>Noncurrent assets:</i>					
Student loans receivable, net	810,464	1,048,344	(237,880)	-23%	
Capital assets, net of accumulated depreciation	204,921,905	215,519,206	(10,597,301)	-5%	
Other assets	27,629	34,130	(6,501)	-19%	
Other assets, restricted	196,710	216,111	(19,401)	-9%	
<i>Total noncurrent assets</i>	<u>205,956,708</u>	<u>216,817,791</u>	<u>(10,861,083)</u>	<u>-5%</u>	
TOTAL ASSETS	<u>268,159,198</u>	<u>283,104,225</u>	<u>(14,945,027)</u>	<u>-5%</u>	
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized losses on debt refunding	537,285	695,964	(158,679)	-23%	
Pension	418,858	369,915	48,943	13%	
Other Post-Employment Benefits	373,925	398,866	(24,941)	-6%	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,330,068</u>	<u>1,464,745</u>	<u>(134,677)</u>	<u>-9%</u>	
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable and accrued liabilities	1,952,085	3,123,946	(1,171,861)	-38%	(4)
Accrued payroll	13,166,761	6,911,435	6,255,326	91%	(5)
Due to primary government	84,427	16,205	68,222	421%	
Unearned revenue	4,276,156	4,948,121	(671,965)	-14%	
Other liabilities	1,653,534	1,916,547	(263,013)	-14%	
Capital leases payable	31,830	32,133	(303)	-1%	
Revenue bonds payable	4,913,729	4,786,940	126,789	3%	
Certificates of participation	2,492,934	2,431,990	60,944	3%	
Compensated absences	1,702,179	1,597,999	104,180	7%	
Other Post-Employment Benefits	370,054	-	370,054	100%	(6)
<i>Total current liabilities</i>	<u>30,643,689</u>	<u>25,765,316</u>	<u>4,878,373</u>	<u>19%</u>	
<i>Noncurrent liabilities:</i>					
Capital leases payable	78,237	110,068	(31,831)	-29%	
Revenue bonds payable	46,127,020	51,040,749	(4,913,729)	-10%	
Certificates of participation	14,894,368	17,387,301	(2,492,933)	-14%	
Compensated absences	6,322,009	7,665,117	(1,343,108)	-18%	
Other Post-Employment Benefits	14,745,101	16,653,514	(1,908,413)	-11%	
<i>Total noncurrent liabilities</i>	<u>82,166,735</u>	<u>92,856,749</u>	<u>(10,690,014)</u>	<u>-12%</u>	
TOTAL LIABILITIES	<u>112,810,424</u>	<u>118,622,065</u>	<u>(5,811,641)</u>	<u>-5%</u>	
DEFERRED INFLOWS OF RESOURCES					
Other Post-Employment Benefits	5,012,196	4,564,559	447,637	10%	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,012,196</u>	<u>4,564,559</u>	<u>447,637</u>	<u>10%</u>	
NET POSITION					
Net investment in capital assets	136,921,071	140,425,989	(3,504,918)	-2%	
Restricted - expendable	27,985,687	28,862,299	(876,612)	-3%	
Unrestricted	(13,240,112)	(7,905,942)	(5,334,170)	67%	(7)
TOTAL NET POSITION	<u>\$ 151,666,646</u>	<u>\$ 161,382,346</u>	<u>\$ (9,715,700)</u>	<u>-6%</u>	

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES (UNAUDITED)
(Continued)**

All variances greater than \$275,000 and 20% of the previous year are discussed below. Refer to the Analysis of Significant Variations in Account Balances on page 71 for the actual dollar changes.

University management provided the following explanations for the significant variations identified:

- (1) Cash and Cash Equivalents
The decrease in Cash and Cash Equivalents is due to the decrease in receipts for tuition and fees and room and board.
- (2) Accounts Receivable, Net
The increase in Accounts Receivables, Net, is due to a decrease in allowance for uncollectible accounts offset partly by a decrease in accounts receivable for tuition and fees and room and board.
- (3) Due from Primary Government
The increase in Due from Primary Government is due mainly to the increase in receivables due from other State agencies for Federal Grants.
- (4) Accounts Payable and Accrued Liabilities
The decrease in Accounts Payables is primarily due to the timing of payments for construction related projects. Invoices for construction related projects in FY18 were not processed or received as of June 30, 2018. The University did not have such invoices as of June 30, 2019 resulting in a decrease in accounts payable.
- (5) Accrued Payroll
The increase in Accrued Payroll is due to the timing difference of pay dates. Several payrolls in FY18 were paid on June 29, 2018 while in FY19, they were paid on July 1, 2019 which resulted in the increase.
- (6) Current Liabilities – Other Post-Employment Benefits
The increase in Current Liabilities for Other Post-Employment Benefits is due to an updated valuation method that resulted in the reclassification of long term OPEB liabilities to current within the Primary Government’s financial statements.
- (7) Unrestricted Net Position
The University’s unrestricted net position decreased primarily due to a decrease in tuition and fees offset partly by a reduction in expenses.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Years Ended June 30, 2019 and 2018

ANALYSIS OF SIGNIFICANT VARIATIONS IN OPERATING AND NONOPERATING
REVENUES AND EXPENSES (UNAUDITED)

	FISCAL YEAR ENDED JUNE 30		INCREASE (DECREASE)	
	2019	2018	AMOUNT	%
OPERATING REVENUES				
Tuition and fees, net	\$ 51,531,872	\$ 59,001,018	\$ (7,469,146)	-13%
Grants and contracts	12,217,591	10,421,672	1,795,919	17%
Sales and services of educational departments	4,287,203	4,212,256	74,947	2%
Auxiliary enterprises, net	29,723,755	34,344,317	(4,620,562)	-13%
Student loan activities	56,152	52,555	3,597	7%
Other operating revenues	4,235,852	4,336,409	(100,557)	-2%
<i>Total operating revenues</i>	<u>102,052,425</u>	<u>112,368,227</u>	<u>(10,315,802)</u>	<u>-9%</u>
OPERATING EXPENSES				
Instruction	82,232,408	107,007,081	(24,774,673)	-23% (1)
Research	5,185,677	5,558,881	(373,204)	-7%
Public service	13,654,810	14,126,892	(472,082)	-3%
Academic support	17,760,047	22,716,085	(4,956,038)	-22% (1)
Student services	22,439,097	27,822,927	(5,383,830)	-19%
Institutional support	18,131,905	21,933,167	(3,801,262)	-17%
Operation and maintenance of plant	16,800,279	19,541,835	(2,741,556)	-14%
Scholarships and fellowships	11,375,575	11,912,630	(537,055)	-5%
Auxiliary enterprises	34,292,482	44,140,176	(9,847,694)	-22% (1)
Depreciation	14,185,852	14,363,925	(178,073)	-1%
<i>Total operating expenses</i>	<u>236,058,132</u>	<u>289,123,599</u>	<u>(53,065,467)</u>	<u>-18%</u> (1)
OPERATING LOSS	<u>(134,005,707)</u>	<u>(176,755,372)</u>	<u>42,749,665</u>	<u>-24%</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations	47,226,700	66,336,828	(19,110,128)	-29% (2)
On-behalf payments for Group Insurance	16,969,332	14,242,588	2,726,744	19% (3)
Special funding situation for pension and OPEB	32,961,521	77,650,753	(44,689,232)	-58% (3)
Gifts	847,452	1,162,954	(315,502)	-27% (4)
Nonoperating grants	28,145,234	41,780,284	(13,635,050)	-33% (5)
Gain (loss) on disposal of capital assets	(2,017)	343,417	(345,434)	-101% (6)
Investment income	1,217,165	874,360	342,805	39% (7)
Interest on capital asset - related debt	(3,330,636)	(3,521,554)	190,918	-5%
Other nonoperating revenues	142,593	149,725	(7,132)	-5%
<i>Net nonoperating revenues</i>	<u>124,177,344</u>	<u>199,019,355</u>	<u>(74,842,011)</u>	<u>-38%</u>
INCOME (LOSS) BEFORE CAPITAL ITEMS	<u>(9,828,363)</u>	<u>22,263,983</u>	<u>(32,092,346)</u>	<u>-144%</u>
Capital State appropriations	112,663	94,123	18,540	20%
<i>Total capital items</i>	<u>112,663</u>	<u>94,123</u>	<u>18,540</u>	<u>20%</u>
INCREASE (DECREASE) IN NET POSITION	<u>(9,715,700)</u>	<u>22,358,106</u>	<u>(32,073,806)</u>	<u>-143%</u>
NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	161,382,346	159,793,573	1,588,773	1%
PRIOR PERIOD ADJUSTMENT	-	(20,769,333)	20,769,333	-100%
NET POSITION, BEGINNING OF YEAR AS RESTATED	<u>161,382,346</u>	<u>139,024,240</u>	<u>22,358,106</u>	<u>16%</u>
NET POSITION, END OF YEAR	<u>\$ 151,666,646</u>	<u>\$ 161,382,346</u>	<u>\$ (9,715,700)</u>	<u>-6%</u>

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN OPERATING AND
NONOPERATING REVENUES AND EXPENSES (UNAUDITED) (Continued)**

All variances greater than \$275,000 and 20% of the previous year are discussed below. Refer to the Analysis of Significant Variations in Operating and Nonoperating Revenues and Expenses on page 73 for the actual dollar changes.

University management provided the following explanations for the significant variations identified:

(1) Operating Expenses

The decrease in Operating Expenses is due to an updated valuation method that resulted in a negative OPEB expense in the current year. In addition, the University implemented cost reduction efforts as a result of the decrease in enrollment.

(2) State Appropriations

The State budget impasse caused a major fluctuation in State appropriations. Per GASB 33, FY17 appropriations received in July 2017 (FY18) were recognized as revenues in FY18 even if they were used to pay for FY17 expenses. In addition, FY18 appropriations were received in FY18. Only FY19 appropriations were received in FY19.

(3) On-behalf Payments

The decrease in on-behalf payments is due to the negative OPEB operating expense recorded in FY19, which arose due to significant changes in estimates by the Department of Central Management Services for the University's number of participants in the State Employees Group Insurance Program (SEGIP) and the average cost per employee within SEGIP.

(4) Gifts

The University received more gifts from the Foundation in FY18 compared to FY19.

(5) Nonoperating Grants

FY17 Illinois Monetary Award Program (MAP) grants and FY18 MAP grants were received and recorded in FY18. Only one year of MAP grants was received and recorded in FY19.

(6) Gain on Disposal of Capital Assets

In FY18, there was a gain on disposal of capital assets due to the sale of the University's 60th street property for \$1.3 million. There was no sale of capital assets in FY19.

(7) Investment Income

Investment income increased due to higher interest rates.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019**

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING (UNAUDITED)

The Western Illinois University (University) had no appropriation line item with lapse period expenditures in excess of \$275,000 and 20% of total line item expenditures for the sixteen months ended October 31, 2019.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
June 30, 2019 and 2018**

ANALYSIS OF ACCOUNTS RECEIVABLE (UNAUDITED)

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

	<u>2019</u>	<u>2018</u>
Current unrestricted funds	\$ 7,085,367	\$ 6,946,954
Current restricted funds	2,223,972	2,207,344
Loan funds	47	63
Plant funds	157,807	142,611
Agency funds	(71)	594
Total accounts receivable (net)	<u>\$ 9,467,122</u>	<u>\$ 9,297,566</u>

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

	<u>2019</u>	<u>2018</u>
Accounts receivable - all funds, at gross	\$ 15,317,222	\$ 16,031,866
Less: allowance for uncollectible accounts	5,850,100	6,734,300
Total accounts receivable (net)	<u>\$ 9,467,122</u>	<u>\$ 9,297,566</u>

Accounts receivable aging was as follows:

	<u>2019</u>	<u>2018</u>
Receivables not past due	<u>\$ 4,396,123</u>	<u>\$ 4,942,730</u>
Past due receivables:		
1 day - 90 days	1,976,384	2,197,846
91 days - 180 days	78,529	54,529
181 days - 1 year	945,993	1,009,969
Over 1 year	7,920,193	7,826,792
Total receivables past due	<u>10,921,099</u>	<u>11,089,136</u>
Total receivables, at gross	<u><u>\$ 15,317,222</u></u>	<u><u>\$ 16,031,866</u></u>

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

Collection Policies for Accounts Receivable

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

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

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Years Ended June 30, 2019 and 2018

EMPLOYMENT STATISTICS - FULL-TIME EQUIVALENT* (UNAUDITED)

	<u>Instructional Activities</u>	<u>Organized Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>O&M Physical Plant</u>	<u>Independent Operations</u>	<u>Total All Functions</u>
Year Ended June 30, 2019									
Appropriated funds:									
Faculty/administrative	606.7	9.6	14.7	28.4	44.7	38.2	4.4	-	746.7
Civil service	132.7	8.1	15.1	43.1	35.3	64.9	121.7	-	420.9
Student employees	17.8	2.3	1.7	20.3	3.1	7.6	3.2	-	56.0
Total appropriated	<u>757.2</u>	<u>20.0</u>	<u>31.5</u>	<u>91.8</u>	<u>83.1</u>	<u>110.7</u>	<u>129.3</u>	<u>-</u>	<u>1,223.6</u>
Non-appropriated funds:									
Faculty/administrative	4.4	15.0	44.4	-	40.4	-	1.6	23.8	129.6
Civil service	2.7	0.1	31.6	-	37.3	-	96.5	53.9	222.1
Student employees	20.9	8.5	7.3	0.7	34.7	-	7.7	84.6	164.4
Total non-appropriated	<u>28.0</u>	<u>23.6</u>	<u>83.3</u>	<u>0.7</u>	<u>112.4</u>	<u>-</u>	<u>105.8</u>	<u>162.3</u>	<u>516.1</u>
Total all funds	<u>785.2</u>	<u>43.6</u>	<u>114.8</u>	<u>92.5</u>	<u>195.5</u>	<u>110.7</u>	<u>235.1</u>	<u>162.3</u>	<u>1,739.7</u>
Year Ended June 30, 2018									
Appropriated funds:									
Faculty/administrative	655.9	11.5	21.9	34.9	52.9	39.4	2.8	-	819.3
Civil service	125.2	7.2	11.5	45.2	29.1	65.0	123.6	-	406.8
Student employees	25.4	1.8	1.0	21.8	3.6	4.9	3.0	-	61.5
Total appropriated	<u>806.5</u>	<u>20.5</u>	<u>34.4</u>	<u>101.9</u>	<u>85.6</u>	<u>109.3</u>	<u>129.4</u>	<u>-</u>	<u>1,287.6</u>
Non-appropriated funds:									
Faculty/administrative	6.8	20.6	59.4	-	46.7	-	7.4	33.8	174.7
Civil service	1.9	0.2	7.5	0.1	36.8	-	104.8	58.9	210.2
Student employees	24.2	8.8	8.4	0.3	36.3	-	10.1	107.3	195.4
Total non-appropriated	<u>32.9</u>	<u>29.6</u>	<u>75.3</u>	<u>0.4</u>	<u>119.8</u>	<u>-</u>	<u>122.3</u>	<u>200.0</u>	<u>580.3</u>
Total all funds	<u>839.4</u>	<u>50.1</u>	<u>109.7</u>	<u>102.3</u>	<u>205.4</u>	<u>109.3</u>	<u>251.7</u>	<u>200.0</u>	<u>1,867.9</u>

NOTE:

* Statistics presented represent the average number of employees on a full time equivalent basis from July 1, 2017 through June 30, 2019 derived from University records.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Years Ended June 30, 2019 and 2018

SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)

ENROLLMENT STATISTICS

Enrollment figures, as developed by University personnel for the undergraduate and graduate schools during the years ended June 30, 2019 and 2018 are presented below:

	<u>2019</u>	<u>2018</u>
Fall term:		
Undergraduate students	5,945	6,877
Graduate students	1,143	1,289
Extension students	<u>1,414</u>	<u>1,275</u>
Total enrollment	<u><u>8,502</u></u>	<u><u>9,441</u></u>
Full-time equivalent students	<u><u>7,260</u></u>	<u><u>8,134</u></u>
Spring term:		
Undergraduate students	5,282	6,108
Graduate students	1,058	1,269
Extension students	<u>1,553</u>	<u>1,222</u>
Total enrollment	<u><u>7,893</u></u>	<u><u>8,599</u></u>
Full-time equivalent students	<u><u>6,656</u></u>	<u><u>7,323</u></u>
Summer term:		
Undergraduate students	579	630
Graduate students	289	334
Extension students	<u>2,005</u>	<u>2,002</u>
Total enrollment	<u><u>2,873</u></u>	<u><u>2,966</u></u>
Full-time equivalent students	<u><u>2,190</u></u>	<u><u>2,252</u></u>
Annual full-time equivalent students (based on average per term exclusive of summer term)	<u><u>6,958</u></u>	<u><u>7,729</u></u>
DEGREES CONFERRED		
Undergraduate students	1,749	1,905
Graduate students	629	673

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019**

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

	<u>Total Costs**</u>	<u>Total Costs Per Full-Time Equivalent Student*</u>
Direct salary	\$ 34,544,421	\$ 4,965
Indirect instruction	7,774,587	1,117
Departmental research	2,063,929	297
Departmental overheads	9,574,783	1,376
College or school overheads	<u>4,451,746</u>	<u>640</u>
Total department and college costs	<u>58,409,466</u>	<u>8,395</u>
Overhead support unique to a function	6,391,396	919
All other academic support	6,333,827	910
Student services	4,410,689	634
Institutional support	<u>11,265,844</u>	<u>1,618</u>
Total University overheads	<u>28,401,756</u>	<u>4,081</u>
Total department and college costs with University overheads	<u>86,811,222</u>	<u>12,476</u>
Operation and maintenance of physical plant	<u>12,175,339</u>	<u>1,750</u>
Total costs	<u>\$ 98,986,561</u>	<u>\$ 14,226</u>

NOTES:

* *The number of full-time equivalent (FTE) students for Fiscal Year 2019 is the sum of FTE students for Fall 2018 and Spring 2019 semesters divided by two.*

Fall 2018 FTE	7,260
Spring 2019 FTE	6,656
Full-time equivalent	6,958

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

Source: FY2019 WIU Discipline Cost Study

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019**

UNIVERSITY BOOKSTORE INFORMATION (UNAUDITED)

Contracted / Rents to students / University operated	University operated
Contractor	Not applicable
Contract term	Not applicable
Amount of gross sales for bookstore in FY 2019	\$1,968,272
Commissions	Not applicable
Commission terms	Not applicable
Given exclusive rights	No
Competition “other” nearby / on-campus bookstores	Not applicable

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019**

SPECIAL DATA REQUIREMENTS FOR UNIVERSITY AUDITS (UNAUDITED)

In accordance with an Office of the Auditor General, July 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the Western Illinois University (University) financial statements and audit reports for the year ended June 30, 2019, where such special data is found.

Compliance Findings

13(a) Findings of noncompliance with University Guidelines for the year ended June 30, 2019 were noted, see findings 2019-003 and 2019-004.

Indirect Cost Reimbursement

13(b) A statement of sources and applications of indirect cost reimbursements is included in this report on page 50.

13(c) The University’s calculation sheet for indirect cost carry-forward is included in this report on page 51.

Tuition, Charges and Fees

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

Auxiliary Enterprises, Activities and Accounting Entities

13(e) Identification of each specific accounting entity and description of the sources of revenue and purpose of each are presented on pages 58 through 60.

13(f) Entity financial statements are presented on pages 61 through 67 of this report. The entity financial statements should be read in conjunction with the University’s audited financial statements for the year ended June 30, 2019.

13(g) The University’s calculation sheets for current excess funds are presented in this report on pages 52 through 57.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019

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

- 13(h) The University Auxiliary Enterprises and activities received \$2,320,960 for group insurance and \$966,350 for pensions from State appropriated funds for the year ended June 30, 2019. These amounts of support were estimated by University management.
- 13(i) Revenue and expenditures for the various bond indenture required accounts are included on page 64 of this report. Description of the accounts and requirements is included in Note 8 of the June 30, 2019 Financial Statements.
- 13(j) Audit tests of the Revenue Bond Fund accounting revealed no instances of noncompliance with the terms of the bond indenture during the year ended June 30, 2019.
- 13(k) As of June 30, 2019, the University did not have a non-instructional facilities reserve account. Previously, such account was established in conjunction with the September 1995 Board of Governors of the State Colleges and Universities issuance of Western Illinois University Auxiliary Facilities Systems Revenue and Refunding Bonds, Series 1995 which were defeased during Fiscal Year 2015. The University had the ability to establish a non-instructional facilities reserve account in conjunction with the Series 2005 Bonds. However, the Series 2005 Bonds were defeased during Fiscal Year 2015.

University Related Organizations

- 13(l) The Western Illinois University Foundation (the “Foundation”) is recognized by Western Illinois University as a University related organization. There are no organizations considered by the University to be independent organizations, as defined in Section VII of University Guidelines.
- 13(m) A summary of the Foundation transactions with the University is presented on page 85 of this report.
- 13(n) The University provided the Foundation with \$1,285,228 in administration and support services during the year ended June 30, 2019, for the Foundation’s fundraising services.
- 13(o) There were no unreimbursed subsidies from the University to the Foundation for the year ended June 30, 2019.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019**

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

13(p) There was no debt financed by the Foundation in Fiscal Year 2019.

Other Topics

13(q) Schedules of cash and cash equivalents held by the University are presented in this report on page 48.

13(r) Income from investments of pooled funds has been allocated and credited to the original source of the funds.

13(s) A schedule of costs per full-time equivalent student is presented on page 79 of this report.

13(t) The Foundation did not purchase or receive a donation or gift of real estate in excess of \$250,000 as stated on page 85 of this report.

13(u) On July 14, 2015, the Series 2015 Certificates of Participation were issued in the principal amount of \$15,100,000. Proceeds from the sale of the Series 2015 Certificates of Participation were used to provide for the current refunding of the outstanding Series 2005 Certificates of Participation in the principal amount of \$7,160,000, the advance refunding of the outstanding Series 2011 Certificates of Participation in the principal amount of \$9,265,000, and to pay certain expenses related to the issuance of the bonds. The net proceeds plus funds provided by the University were deposited into the Series 2005 Installment Payment Fund and the 2011 Installment Payment Fund to redeem all of the Refunded Series 2005 and 2011 Certificates of Participation on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 and 2011 Certificates of Participation are considered defeased and the liability for that portion of the certificates has been removed from the University's Statement of Net Position.

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019**

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

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

Other Financial Related Schedules

- 1 The Schedule of Appropriations, Expenditures and Lapsed Balances is presented on page 44 of this report.
- 2 The Schedule of Income Fund Revenues and Expenditures is presented on page 47 of this report.
- 3 The Schedule of Tuition and Fee Waivers is presented on pages 86 and 87 of this report.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019

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

During the year ended June 30, 2019, Western Illinois University (University) had a contract with the Western Illinois University Foundation (Foundation) to provide fund-raising services. The University advanced funds to the Foundation for personal service costs, facility use and other costs amounting to \$1,285,228 for the year ended June 30, 2019. As required by the contract, the Foundation fully repaid the University using funds considered unrestricted for purposes of the University Guidelines computations. In addition, the Foundation gave the University non-qualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University for the year ended June 30, 2019.

Funds considered unrestricted for purpose of the University Guidelines computations:

Totally unrestricted	\$ 66,925
Restricted only as to campus, college or department and generally available for ongoing University operations	<u>4,294,917</u>
Total funds considered unrestricted	<u>4,361,842</u>

Funds considered restricted for purpose of the University Guidelines computations:

Total funds given for scholarships, grants and awards	2,711,159
Other restricted funds	<u>1,928,477</u>
Total funds considered restricted	<u>4,639,636</u>

Total funds provided to the University by the Foundation **\$ 9,001,478**

During the year ended June 30, 2019, the Foundation did not purchase or receive a donation or gift of real estate in excess of \$250,000.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019

UNDERGRADUATE TUITION AND FEE WAIVERS (UNAUDITED)

	Number of Recipients *	Tuition Waived (duplicated)		Fees Waived (duplicated)	
		Number of Recipients	Value of Waivers (In Thousands) *	Number of Recipients	Value of Waivers (In Thousands) *
MANDATORY WAIVERS					
Teacher Special Education	15.0	15.0	\$ 139.8	18.0	\$ 40.4
General Assembly	-	-	-	-	-
ROTC	46.0	46.0	392.8	46.0	27.4
DCFS	23.0	23.0	128.9	21.0	33.7
Children of Employees	119.0	122.0	450.1	-	-
Senior Citizens	2.0	2.0	7.4	2.0	1.7
Honorary Scholarships	-	-	-	-	-
Veterans Grants & Scholarships **	117.0	119.0	649.3	-	-
Other (please specify) ***	-	-	-	-	-
(SUBTOTAL)	322.0	327.0	\$ 1,768.3	87.0	\$ 103.2
Unduplicated Waiver Count Total *	322.0	322.0	\$ 1,768.3	77.0	\$ 103.2
DISCRETIONARY WAIVERS					
Faculty/Administrators	5.0	5.0	\$ 7.6	5.0	\$ 1.0
Civil Service	47.0	47.0	130.5	67.0	21.6
Academic/Other Talent	221.0	241.0	342.6	-	-
Athletic	171.0	230.0	1,034.9	-	-
Gender Equity in	-	-	-	-	-
Intercollegiate Athletics	-	-	-	-	-
Foreign Exchange Students	115.0	129.0	790.2	-	-
Out-of-State Students	1.0	1.0	6.8	-	-
Foreign Students	-	-	-	-	-
Student Need-Financial Aid	-	-	-	-	-
Student Need-Special Programs	-	-	-	-	-
Cooperating Professionals	-	-	-	-	-
Research Assistants	-	-	-	-	-
Teaching Assistants	-	-	-	-	-
Other Assistants	-	-	-	-	-
Student Employment	1.0	1.0	2.1	-	-
Interinstitutional/Related Agencies	-	-	-	-	-
Retired University Employees	1.0	1.0	0.1	2.0	0.1
Children of Deceased Employees	1.0	1.0	8.8	1.0	2.8
Contract/Training Grants	-	-	-	-	-
All Other (please specify) **	-	-	-	-	-
Children of Retired Employees	4.0	4.0	14.0	-	-
(SUBTOTAL)	567.0	660.0	\$ 2,337.6	75.0	\$ 25.5
Unduplicated Waiver Count Total *	567.0	567.0	\$ 2,337.6	52.0	\$ 25.5
TOTAL *	889.0	987.0	\$ 4,105.9	162.0	\$ 128.7

* Unduplicated. Recipients are only counted once in the unduplicated count total even if they benefited from multiple waivers during the academic year. Therefore, the sum of mandatory waiver and discretionary waiver recipients may not equal the total waivers reported. The total waiver value of waivers is cumulative.

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

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

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019

GRADUATE TUITION AND FEE WAIVERS (UNAUDITED)

	Number of Recipients *	Tuition Waived (duplicated)		Fees Waived (duplicated)	
		Number of Recipients	Value of Waivers (In Thousands) *	Number of Recipients	Value of Waivers (In Thousands) *
MANDATORY WAIVERS					
Teacher Special Education	5.0	5.0	\$ 24.3	4.0	\$ 5.9
General Assembly	-	-	-	-	-
ROTC	1.0	1.0	11.0	1.0	0.1
DCFS	-	-	-	-	-
Children of Employees	-	-	-	-	-
Senior Citizens	-	-	-	-	-
Honorary Scholarships	-	-	-	-	-
Veterans Grants & Scholarships **	28.0	28.0	109.9	-	-
Other (please specify) ***	-	-	-	-	-
(SUBTOTAL)	34.0	34.0	\$ 145.2	5.0	\$ 6.0
Unduplicated Waiver Count Total *	34.0	34.0	\$ 145.2	4.0	\$ 6.0
DISCRETIONARY WAIVERS					
Faculty/Administrators	53.0	53.0	\$ 121.0	89.0	\$ 24.6
Civil Service	47.0	47.0	121.6	77.0	23.6
Academic/Other Talent	6.0	6.0	11.9	-	-
Athletic	-	-	-	-	-
Gender Equity in	-	-	-	-	-
Intercollegiate Athletics	-	-	-	-	-
Foreign Exchange Students	1.0	1.0	7.5	-	-
Out-of-State Students	-	-	-	-	-
Foreign Students	-	-	-	-	-
Student Need-Financial Aid	-	-	-	-	-
Student Need-Special Programs	-	-	-	-	-
Cooperating Professionals	91.0	91.0	121.9	78.0	13.9
Research Assistants	45.0	45.0	237.7	-	-
Teaching Assistants	300.0	326.0	1,747.1	-	-
Other Assistants	239.0	251.0	1,562.3	-	-
Student Employment	-	-	-	-	-
Interinstitutional/Related Agencies	-	-	-	-	-
Retired University Employees	20.0	20.0	31.1	49.0	10.1
Children of Deceased Employees	-	-	-	-	-
Contract/Training Grants	-	-	-	-	-
All Other (please specify) ***	-	-	-	-	-
(SUBTOTAL)	802.0	840.0	\$ 3,962.1	293.0	\$ 72.2
Unduplicated Waiver Count Total *	802.0	802.0	\$ 3,962.1	197.0	\$ 72.2
TOTAL *	836.0	874.0	\$ 4,107.3	298.0	\$ 78.2

* Unduplicated. Recipients are only counted once in the unduplicated count total even if they benefited from multiple waivers during the academic year. Therefore, the sum of mandatory waiver and discretionary waiver recipients may not equal the total waivers reported. The total waiver value of waivers is cumulative.

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

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS (UNAUDITED) (Continued)
For the Year Ended June 30, 2019**

MEMORANDUMS OF UNDERSTANDING (UNAUDITED)

Parties Involved Other Than the University	Dates Involved	Description of Memorandum Requirements
Federal Bureau of Investigation (FBI) Law Enforcement and Justice Administration (SLEJA)	09/08/2015 to 09/08/2020	Provide continuing education for police, municipal, county, state, and federal levels.
Rock Island Arsenal Joint Manufacturing and Technology Center	06/03/2016 to 06/03/2021	Cooperate in mutually beneficial projects to design or redesign operational products in an industrial setting.
Western Illinois Regional Council (WIRC)	08/01/2016 until dissolved	Establish formal partnership and framework for cooperation between WIU and WIRC-CAA Victim Services Program.
McDonough County Sheriff's Office	08/22/2016 until terminated	Maintenance of all components related to the Antennae Placement Project located at 1200 N. Western Avenue, Macomb, IL.
McDonough Telephone Cooperative of Macomb (MDTC)	11/04/2016 to 11/04/2021	Establish a data connection between MDTC's Point-of-Presence through Morgan Hall to the McDonough County Sheriff's Office.
Multi-State Information Sharing and Analysis Center	01/11/2018 to 01/11/2028	Enable information sharing, analysis, gathering and distribution in a secure manner.
Illinois Department of Human Services	07/01/2018 to 06/30/2019	Grant for Early Intervention Provider Connections
Eastern Illinois University Southern Illinois University Northern Illinois University	11/01/2017 to 12/31/2021	Women's Basketball Compass Challenge Event tournament

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



**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY**

**FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2019**

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
FINANCIAL AUDIT
For the Year Ended June 30, 2019**

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**STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 FINANCIAL AUDIT
 For the Year Ended June 30, 2019**

University Officials

President	Dr. Martin Abraham, Interim (07/01/19 to Present) Dr. Jack Thomas (Through 06/30/19)
Provost and Academic Vice President	Mr. William Clow, Interim (01/01/19 to Present) Dr. Kathleen Neumann, Interim (Through 12/31/18)
Vice President for Student Services	Mr. John Smith (07/15/19 to Present) Vacant (06/22/19 to 07/14/19) Dr. Ronald Williams (Through 06/21/19)
Associate Vice President for Budget and Finance***	Ms. Letisha Trepac (01/01/20 to Present)
Vice President for Administrative Services*	Ms. Letisha Trepac, Interim (12/07/19 to 12/31/19) Dr. William Polley (07/01/19 to 12/06/19) Dr. William Polley, Interim (05/05/18 to 06/30/19)
Vice President for Advancement and Public Services*	Mr. Brad Bainter (Through 05/28/19)
Senior Vice President for Strategic Planning & Initiatives** Vice President for Quad Cities and Planning**	Dr. Joseph Rives (09/01/18 to Present) Dr. Joseph Rives (Through 08/31/18)
Director of Business and Financial Services*	Vacant
Director of Internal Auditing	Mr. Michael Sartorius

*Positions have been eliminated.
 **Vice President for Quad Cities Planning title changed to Senior Vice President for Strategic Planning and Initiatives on 9/1/2018.
 *** New position as of 1/1/2020.

Board of Trustees (as of June 30, 2019)

Chair	Greg Aguilar, East Moline
Vice Chair	Nick Padgett, Chicago
Secretary	Jackie Thompson, Macomb
Member	Erik Dolieslager, Quincy
Member	Kisha M.J. Lang, Maywood
Member	Polly Radosh, Good Hope
Member	Doug Shaw, Peoria
Student Member	Justin Brown

University offices are located at:

Macomb Campus 1 University Circle Macomb, Illinois 61455-1390	Quad Cities Campus 3300 River Drive Moline, Illinois 61265-5881
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**STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 FINANCIAL AUDIT
 For the Year Ended June 30, 2019**

Financial Statement Report

Summary

The audit of the accompanying financial statements of Western Illinois University (University) was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the University’s basic financial statements.

Summary of Findings

The auditors identified a matter involving the University’s internal control over financial reporting that they considered to be a significant deficiency.

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
CURRENT FINDING				
2019-001	67	New	Inadequate Control over Monitoring of Capital Assets in Constructions in Progress	Significant Deficiency

Exit Conference

The University waived an exit conference in a correspondence from Dr. Martin Abraham, Interim President, on February 7, 2020. The responses to the recommendations were provided by Dr. Martin Abraham, Interim President, in a correspondence dated February 7, 2020.



INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component unit of Western Illinois University (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component unit, is based solely on the report of the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the University and its aggregate discretely presented component unit, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the University's 2018 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and aggregate discretely presented component unit of the University in our report dated December 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 19 to the basic financial statements, management of the Foundation identified certain endowment funds that had been incorrectly reported as restricted. A reconciliation of net position reported in the prior period financial statements and the University's financial statements were restated as of June 30, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7-13, Required Supplementary Information - Pension on page 60, Notes to the Required Supplementary Information - Pension on page 61, and Required Supplementary Information - OPEB on page 62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements.

The Supplementary Information – Table of Operating Expenses – 2019 on page 63 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

In addition, the Other Information – Table of Operating Expenses – 2018 on page 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2020 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
February 17, 2020

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2019**

This section of the Western Illinois University (University) annual financial report presents management's discussion and analysis (MD&A) of the financial performance of the University during the fiscal year ended June 30, 2019. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting change, current known facts, and future outlook. The financial statements, footnotes, and this discussion are the responsibility of University management.

This MD&A focuses on the University. The University's component unit, Western Illinois University Foundation (Foundation), issues separate financial statements that may be obtained at the Foundation's administrative office as summarized in Note 1.

Using the Financial Report

The University's annual report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) which require that financial statements be presented on a consolidated basis to focus on the University as a whole.

The financial statements are prepared under the accrual basis of accounting. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are categorized as current (due within one year) and noncurrent (due in greater than one year). Current year revenues and expenses are recognized when earned or incurred, regardless of when cash is exchanged. Revenues and expenses are reported as either operating or nonoperating. Significant recurring sources of the University's revenues, including State appropriations, gifts and investment income, are nonoperating as defined by GASB. Scholarship discounts and allowances applied to student accounts are shown as a reduction of tuition and fee revenue and auxiliary enterprise revenue. Stipends and other payments made directly to students are presented as student aid expenses. Depreciation is considered an operating expense and capital assets are reported at cost less accumulated depreciation.

Financial Highlights

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, net position, is one indicator of the financial condition of the University, while the change in net position that occurs over time indicates improvement or deterioration in the University's financial condition. Non-financial factors such

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2019**

as enrollment levels and the condition of facilities are relevant when assessing the overall health of the University. Net position is divided into three major categories, as follows: net investment in capital assets reflects the University's equity in capital assets; restricted net position is available for expenditure by the University, but must be spent for purposes as determined by law, donors and/or external entities that have placed time or purpose restrictions on the use of the assets; and unrestricted net position is available to the University for any lawful purpose of the University.

A summary of the condensed Statement of Net Position for the years ended June 30, 2019 and 2018 is as follows.

Condensed Statement of Net Position

	<u>2019</u>	<u>2018</u>
Assets		
Current assets	\$ 62,202,490	\$ 66,286,434
Capital assets, net of accumulated depreciation	204,921,905	215,519,206
Other noncurrent assets	<u>1,034,803</u>	<u>1,298,585</u>
Total assets	<u>268,159,198</u>	<u>283,104,225</u>
Deferred outflows of resources	<u>1,330,068</u>	<u>1,464,745</u>
Liabilities		
Current liabilities	30,643,689	25,765,316
Noncurrent liabilities	<u>82,166,735</u>	<u>92,856,749</u>
Total liabilities	<u>112,810,424</u>	<u>118,622,065</u>
Deferred inflows of resources	<u>5,012,196</u>	<u>4,564,559</u>
Net position		
Net investment in capital assets	136,921,071	140,425,989
Restricted - expendable	27,985,687	28,862,299
Unrestricted	<u>(13,240,112)</u>	<u>(7,905,942)</u>
Total net position	<u>\$ 151,666,646</u>	<u>\$ 161,382,346</u>

A review of the University's Statement of Net Position at June 30, 2019 shows that the University's financial foundation remains strong with assets and deferred outflows of resources of \$269.5 million and liabilities and deferred inflows of resources of \$117.8 million. Net position, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, decreased by approximately \$9.7 million or 6.0% over the previous year.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2019**

Total assets and deferred outflows of resources decreased \$15.1 million or 5.3% during Fiscal Year 2019. Cash and cash equivalents decreased \$5.0 million primarily due to the decrease in revenues as a result of decreased enrollment. Capital assets decreased \$10.6 million due to depreciation expense of \$14.2 million offset slightly by asset additions of \$3.6 million.

Total liabilities and deferred inflows of resources decreased \$5.4 million or 4.4% during Fiscal Year 2019. The decrease in liabilities and deferred inflows of resources is due to scheduled debt payments and a decrease in accounts payable and accrued liabilities, compensated absences, and other post-employment benefits offset by an increase in accrued payroll.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present the University's changes in financial position. Revenues and expenses are classified as operating or nonoperating. A public University's dependency on State appropriations and gifts usually results in operating deficits because the GASB reporting standards classify these revenue sources as nonoperating.

A comparative summary of the condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2019 and 2018 is as follows:

Condensed Statement of Revenues, Expenses and Changes in Net Position

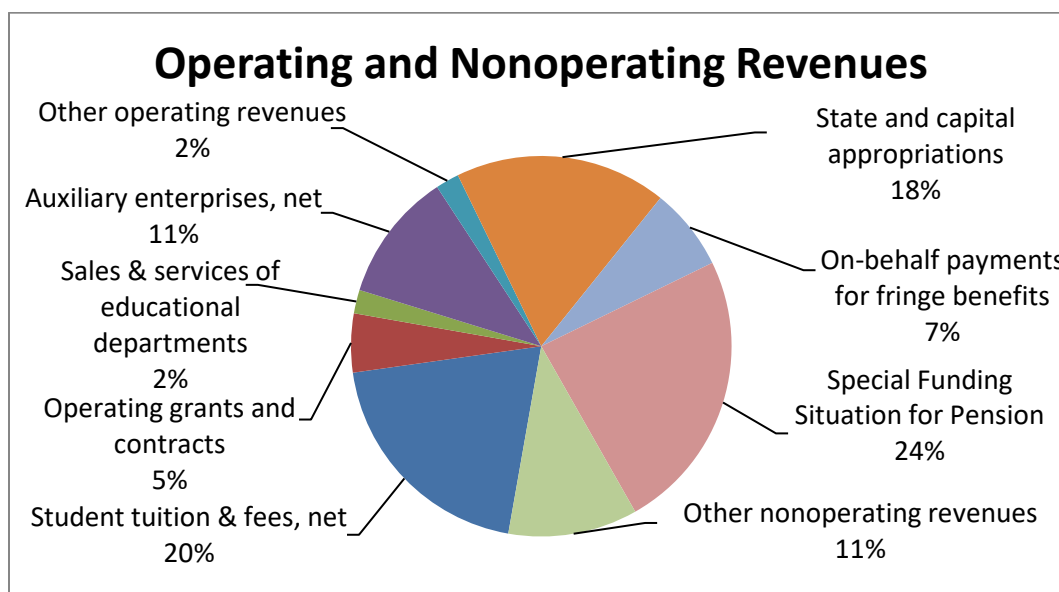
	<u>2019</u>	<u>2018</u>
Total operating revenues	\$ 102,052,425	\$ 112,368,227
Total operating expenses	<u>(236,058,132)</u>	<u>(289,123,599)</u>
Operating loss	(134,005,707)	(176,755,372)
Nonoperating revenues	156,611,654	202,540,909
Nonoperating expenses	<u>(32,434,310)</u>	<u>(3,521,554)</u>
Income (loss) before capital items	(9,828,363)	22,263,983
Capital State appropriations	<u>112,663</u>	<u>94,123</u>
Increase (decrease) in net position	(9,715,700)	22,358,106
Net position, beginning of year	161,382,346	159,793,573
Prior period adjustment	<u>-</u>	<u>(20,769,333)</u>
Net position, end of year	<u>\$ 151,666,646</u>	<u>\$ 161,382,346</u>

Total revenues increased \$56.2 million or 17.8% to \$258.8 million in 2019 primarily due to decrease in operating revenues of \$10.3 million, in State appropriations of \$19.1 million, and nonoperating grants of \$13.6 million, and the special funding situation for OPEB reported as a revenue in the prior year of \$20.1 million offset partly by an increase in on-behalf payments for group insurance of \$2.8 million and special funding situation for pension of \$4.6 million. Total expenses decreased by \$24.1 million or 8.3% to \$268.5 million in 2019. Total operating

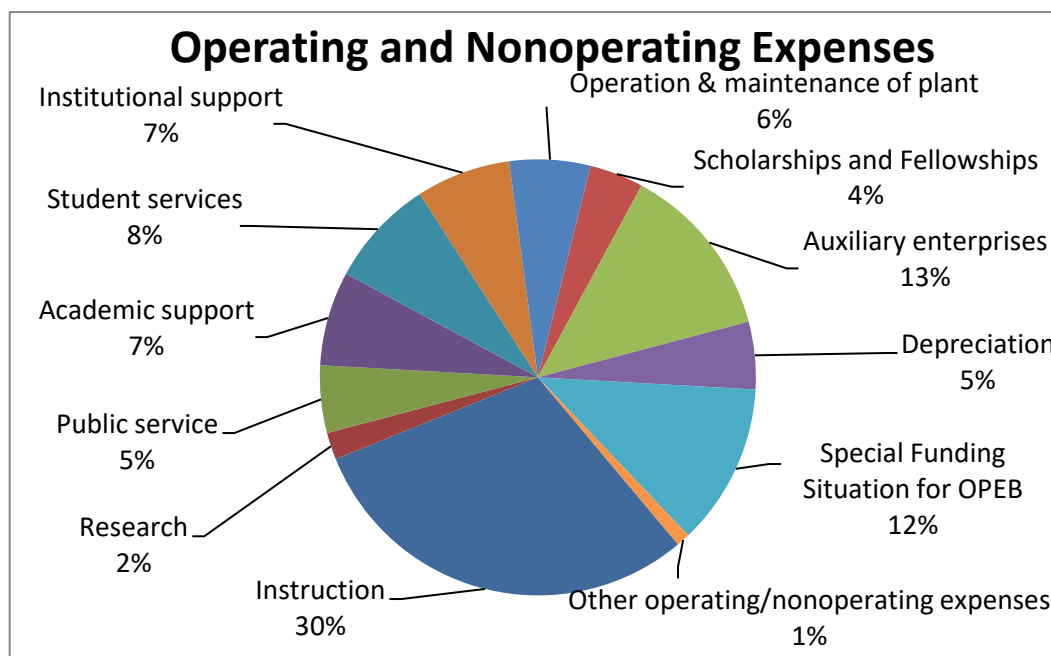
**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2019**

expenses decreased by \$53.1 million in 2019 primarily due to a decrease in special funding situation and on-behalf expenses of \$42.0 million, salaries of \$5.0 million, and other expenses of \$6.1 million.

For the Fiscal Year ended June 30, 2019, all sources of revenues totaled \$258.8 million. The following is a graphical illustration of revenues by source:



For the Fiscal Year ended June 30, 2019, expenses totaled \$268.5 million. The following is a graphical illustration of expenses:



**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2019**

Statement of Cash Flows

The Statement of Cash Flows presents information related to the University's cash receipts and disbursements during the fiscal year. This provides an assessment of the University's ability to generate future cash flows and meet obligations as they come due.

A comparative summary of the condensed Statement of Cash Flows for the years ended June 30, 2019 and 2018 is as follows:

Condensed Statement of Cash Flows

	2019	2018
Cash provided by (used in):		
Operating activities	\$ (68,869,193)	\$ (78,163,663)
Noncapital financing activities	75,629,879	108,398,469
Capital and related financing activities	(13,027,108)	(10,206,345)
Investing activities	1,217,165	874,360
Net increase (decrease) in cash and cash equivalents	(5,049,257)	20,902,821
Cash and cash equivalents, beginning of year	52,909,769	32,006,948
Cash and cash equivalents, end of year	\$ 47,860,512	\$ 52,909,769

Major sources of funds included in operating activities are student tuition and fees, grants and contracts, and auxiliary enterprises. Payment for employee salaries and benefits, goods and services, and scholarships and fellowships continue to comprise the major use of operating funds.

Cash used in operating activities decreased \$9.3 million.

Cash inflows from noncapital financing activities consist primarily of State appropriations, Monetary Award Program awards and Pell grant revenues. Cash provided by noncapital financing activities decreased \$32.8 million primarily due to the decrease in State appropriations and nonoperating grants.

An increase in capital assets acquired and the proceeds from the sale of a building received in the prior year contributed to the increase of \$2.8 million in cash used in capital and related financing activities.

Cash provided by investing activities increased by \$343 thousand from the prior year.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2019**

Capital Assets and Debt Administration

The University had \$503.1 million invested in capital assets at the end of Fiscal Year 2019. Capital assets net of accumulated depreciation totaled \$204.9 million. Depreciation expense for the current year was \$14.2 million.

There were no major construction projects during Fiscal Year 2019. For the year ended June 30, 2019, construction in progress included engineering and planning costs associated with a new performing arts center on the Macomb campus with a balance of \$4.9 million.

University's Economic Outlook

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, State support and the cost of health care, utilities, employee compensation and benefits and State and federal mandates.

A crucial element to the University's future will continue to be our relationship with the State of Illinois, as we work to manage tuition to make it competitive while providing an outstanding college education for our students. There is a direct relationship between the growth or decline of State support, the impact of State regulations and the University's ability to control tuition growth. The trend of declining State support, the lack of capital investment, declining student financial assistance and the increase in regulations have and will continue to create more pressures on the cost of attendance.

State appropriations represent operating support provided by the Governor and General Assembly for University programs. A Fiscal Year 2020 budget of \$49.6 million was passed into law by the General Assembly. This appropriation is a 5% increase over Fiscal Year 2019 appropriations provided from the State of Illinois to Western Illinois University. However, this appropriation is approximately 3.6% lower than the Fiscal Year 2015 appropriation.

The University projects tuition and miscellaneous revenues to fall by approximately \$5.5 million as compared with Fiscal Year 2019. In March of 2019, the Board of Trustees passed a resolution to eliminate the distance education charge while increasing the tuition rate for new undergraduate and graduate students by 4% and 5%, respectively. The University offers guaranteed tuition and fees, as well as guaranteed room and board rates for each new class of entering students. The University's combined budget for income fund and State appropriations for Fiscal Year 2020 is \$108.5 million. This is a decrease of \$15.5 million, or 12.5%, from Fiscal Year 2019.

The University's Auxiliary Enterprises funds budget for Fiscal Year 2020 as approved by the Board of Trustees reflects a level less than Fiscal Year 2019 of approximately \$7.1 million. Other institutional funds include revenues from sponsored projects and departmental activity revenues. The Fiscal Year 2020 budget for these funds as approved by the Board of Trustees reflects a \$1.9 million increase in spending compared to Fiscal Year 2019.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2019**

Private gifts are an important supplement to the University's sources of funding for operating costs. In Fiscal Year 2019, alumni, friends, staff, corporations, and other organizations contributed nearly \$7.4 million to the Foundation in support of the University. These contributions include gifts and additions to permanent endowments. The Foundation distributed nearly \$9 million in Fiscal Year 2019 to support academic enhancement and instructional initiatives, student scholarships, capital improvements, cultural activities, athletics, regional outreach efforts, and alumni and Foundation-sponsored programs at Western Illinois University.

The University is committed to pursuing its goal of increasing enrollment across both campuses while strategically adding, and when appropriate, eliminating programs. Cost containment and revenue initiatives are challenges the University continues to encounter. Management has historically made the necessary decisions to ensure the strength of the University.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2019
(With Partial Financial Information as of June 30, 2018)

	University		Component Unit	
	2019	2018	2019	2018
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 22,168,801	\$ 25,358,475	\$ 3,021,144	\$ 4,930,569
Cash and cash equivalents, restricted	25,691,711	27,551,294	-	-
Investments	-	-	3,876,744	2,265,037
Accounts receivable, net	7,215,581	7,468,137	1,813,208	1,402,449
Accounts receivable, net, restricted	2,251,541	1,829,429	-	-
Student loans receivable, net	336,954	351,998	-	-
Due from component unit	180,265	148,245	-	-
Due from component unit, restricted	3,010	1,600	-	-
Due from primary government	2,170,888	1,399,986	-	-
Inventories	1,084,835	1,051,661	-	30,451
Inventories, restricted	770,205	891,258	-	-
Prepaid expenses and other assets	308,304	213,956	45,461	87,479
Prepaid expenses and other assets, restricted	20,395	20,395	-	-
<i>Total current assets</i>	<u>62,202,490</u>	<u>66,286,434</u>	<u>8,756,557</u>	<u>8,715,985</u>
<i>Noncurrent assets:</i>				
Investments	-	-	2,254,614	3,795,147
Endowment investments	-	-	10,437,442	8,076,932
Endowment investments, restricted	-	-	50,233,580	47,711,260
Charitable remainder trusts, restricted	-	-	4,432,806	4,327,712
Accounts receivable, net	-	-	534,376	590,682
Student loans receivable, net	810,464	1,048,344	73,845	87,322
Capital assets, net of accumulated depreciation	204,921,905	215,519,206	658,304	658,304
Other assets	27,629	34,130	611,404	610,215
Other assets, restricted	196,710	216,111	-	-
<i>Total noncurrent assets</i>	<u>205,956,708</u>	<u>216,817,791</u>	<u>69,236,371</u>	<u>65,857,574</u>
TOTAL ASSETS	<u>268,159,198</u>	<u>283,104,225</u>	<u>77,992,928</u>	<u>74,573,559</u>
DEFERRED OUTFLOW OF RESOURCES				
Unamortized losses on debt refunding	537,285	695,964	-	-
Pension	418,858	369,915	-	-
Other Post-Employment Benefits	373,925	398,866	-	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>1,330,068</u>	<u>1,464,745</u>	<u>-</u>	<u>-</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable and accrued liabilities	1,952,085	3,123,946	303,420	176,286
Accrued payroll	13,166,761	6,911,435	-	-
Due to primary government	84,427	16,205	183,274	149,845
Unearned revenue	4,276,156	4,948,121	597,633	334,255
Other liabilities	1,653,534	1,916,547	49,688	50,906
Notes payable	-	-	20,117	19,286
Capital leases payable	31,830	32,133	-	-
Revenue bonds payable	4,913,729	4,786,940	-	-
Certificates of participation	2,492,934	2,431,990	-	-
Compensated absences	1,702,179	1,597,999	-	-
Other Post-Employment Benefits	370,054	-	-	-
<i>Total current liabilities</i>	<u>30,643,689</u>	<u>25,765,316</u>	<u>1,154,132</u>	<u>730,578</u>
<i>Noncurrent liabilities:</i>				
Notes payable	-	-	140,889	161,006
Capital leases payable	78,237	110,068	-	-
Revenue bonds payable	46,127,020	51,040,749	-	-
Certificates of participation	14,894,368	17,387,301	-	-
Other liabilities	-	-	228,628	249,722
Compensated absences	6,322,009	7,665,117	-	-
Other Post-Employment Benefits	14,745,101	16,653,514	-	-
<i>Total noncurrent liabilities</i>	<u>82,166,735</u>	<u>92,856,749</u>	<u>369,517</u>	<u>410,728</u>
TOTAL LIABILITIES	<u>112,810,424</u>	<u>118,622,065</u>	<u>1,523,649</u>	<u>1,141,306</u>
DEFERRED INFLOW OF RESOURCES				
Other Post-Employment Benefits	5,012,196	4,564,559	-	-
TOTAL DEFERRED INFLOW OF RESOURCES	<u>5,012,196</u>	<u>4,564,559</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	136,921,071	140,425,989	497,298	478,011
Restricted - nonexpendable	-	-	36,528,613	35,039,164
Restricted - expendable	27,985,687	28,862,299	27,766,574	27,523,391
Unrestricted	(13,240,112)	(7,905,942)	11,676,794	10,391,687
TOTAL NET POSITION	<u>\$ 151,666,646</u>	<u>\$ 161,382,346</u>	<u>\$ 76,469,279</u>	<u>\$ 73,432,253</u>

See accompanying notes to the basic financial statements

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019
(With Partial Financial Information for the Year Ended June 30, 2018)

	University		Component Unit	
	2019	2018	2019	2018
OPERATING REVENUES				
Tuition and fees, net	\$ 51,531,872	\$ 59,001,018	\$ -	\$ -
Grants and contracts	12,217,591	10,421,672	-	-
Sales and services of educational departments	4,287,203	4,212,256	-	-
Auxiliary enterprises, net	29,723,755	34,344,317	-	-
Student loan activities	56,152	52,555	-	-
Other operating revenues	4,235,852	4,336,409	7,036,930	7,258,088
Total operating revenues	102,052,425	112,368,227	7,036,930	7,258,088
OPERATING EXPENSES				
Instruction	82,232,408	107,007,081	1,516,327	1,228,363
Research	5,185,677	5,558,881	116,464	101,030
Public service	13,654,810	14,126,892	1,398,671	1,244,327
Academic support	17,760,047	22,716,085	123,978	162,807
Student services	22,439,097	27,822,927	613,941	801,790
Institutional support	18,131,905	21,933,167	979,231	886,255
Operation and maintenance of plant	16,800,279	19,541,835	1,001,745	898,157
Scholarships and fellowships	11,375,575	11,912,630	2,710,029	2,987,946
Auxiliary enterprises	34,292,482	44,140,176	-	-
Depreciation	14,185,852	14,363,925	-	-
Total operating expenses	236,058,132	289,123,599	8,460,386	8,310,675
OPERATING LOSS	(134,005,707)	(176,755,372)	(1,423,456)	(1,052,587)
NONOPERATING REVENUES (EXPENSES)				
State appropriations	47,226,700	66,336,828	-	-
On-behalf payments for Group Insurance	16,969,332	14,242,588	-	-
Special funding situation for pension and OPEB	32,961,521	77,650,753	-	-
Gifts	847,452	1,162,954	-	-
Nonoperating grants	28,145,234	41,780,284	-	-
Gain (loss) on disposal of capital assets	(2,017)	343,417	-	-
Investment income	1,217,165	874,360	3,099,084	3,596,053
Interest on capital asset - related debt	(3,330,636)	(3,521,554)	(7,882)	(8,698)
Change in value of charitable remainder trusts	-	-	105,095	74,990
Other nonoperating revenues	142,593	149,725	363,627	437,961
Net nonoperating revenues	124,177,344	199,019,355	3,559,924	4,100,306
INCOME (LOSS) BEFORE CAPITAL ITEMS	(9,828,363)	22,263,983	2,136,468	3,047,719
Capital State appropriations	112,663	94,123	-	-
Additions to permanent endowments	-	-	900,558	3,715,644
Total capital items	112,663	94,123	900,558	3,715,644
INCREASE (DECREASE) IN NET POSITION	(9,715,700)	22,358,106	3,037,026	6,763,363
NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	161,382,346	159,793,573	73,432,253	66,668,890
PRIOR PERIOD ADJUSTMENTS	-	(20,769,333)	-	-
NET POSITION, BEGINNING OF YEAR AS RESTATED	161,382,346	139,024,240	73,432,253	66,668,890
NET POSITION, END OF YEAR	\$ 151,666,646	\$ 161,382,346	\$ 76,469,279	\$ 73,432,253

See accompanying notes to the basic financial statements

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Partial Financial Information for the Year Ended June 30, 2018)

	University		Component Unit	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees, net	\$ 51,678,338	\$ 59,295,972	\$ -	\$ -
Grants and contracts	10,255,441	9,495,924	-	-
Gifts for other than capital and endowment purposes	-	-	6,013,311	6,161,837
Payments for employee salaries and benefits	(110,910,144)	(121,793,026)	-	-
Payments for goods and services	(47,077,393)	(57,306,741)	(5,083,815)	(4,596,042)
Payments to annuitants	-	-	(49,539)	(49,602)
Payments for scholarships and fellowships	(11,381,544)	(11,649,789)	(2,710,029)	(2,987,946)
Student loans issued	(114,795)	(256,391)	-	-
Student loans collected	373,702	349,475	-	-
Student loans interest and fees collected	56,152	52,555	-	-
Auxiliary enterprises charges	29,310,831	35,189,666	-	-
Sales and services of educational departments	4,704,367	4,122,283	-	-
Other receipts	4,235,852	4,336,409	555,279	844,097
Net cash used in operating activities	(68,869,193)	(78,163,663)	(1,274,793)	(627,656)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	47,226,700	66,336,828	-	-
Gifts	92,262	100,094	900,558	1,437,244
Nonoperating grants	28,145,234	41,780,284	-	-
Nonoperating revenues, net	165,683	181,263	346,897	259,936
Cash provided by noncapital financing activities	75,629,879	108,398,469	1,247,455	1,697,180
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(2,536,393)	(1,009,601)	-	-
Proceeds from sale of building	-	1,334,197	-	-
Principal paid on capital debt	(6,992,134)	(6,771,495)	-	-
Interest paid on capital debt	(3,498,581)	(3,759,446)	(7,882)	(8,698)
Payments made on note payable	-	-	(19,286)	(18,473)
Net cash used in capital and related financing activities	(13,027,108)	(10,206,345)	(27,168)	(27,171)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	-	-	4,252,114	7,838,655
Earnings on investments	1,217,165	874,360	2,935,459	1,944,849
Purchase of investments	-	-	(9,042,492)	(7,917,735)
Net cash provided by (used in) investing activities	1,217,165	874,360	(1,854,919)	1,865,769
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,049,257)	20,902,821	(1,909,425)	2,908,122
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	52,909,769	32,006,948	4,930,569	2,022,447
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 47,860,512	\$ 52,909,769	\$ 3,021,144	\$ 4,930,569

See accompanying notes to the basic financial statements

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Partial Financial Information for the Year Ended June 30, 2018)

	University		Component Unit	
	2019	2018	2019	2018
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (134,005,707)	\$ (176,755,372)	\$ (1,423,456)	\$ (1,052,587)
Adjustments to reconcile operating loss to net cash used in operating activities:				
On-behalf and special funding situation payments	49,930,853	91,893,341	-	-
Stock gifts in process	-	-	-	-
Charitable remainder trust assets donated	-	-	-	(49,675)
Depreciation	14,185,852	14,363,925	-	-
Amortization	25,902	25,902	-	-
Actuarial adjustment to annuities payable	-	-	(22,312)	(7,226)
Changes in assets, deferred outflows and liabilities:				
Receivables, net	(976,385)	492,837	(325,435)	191,870
Student loans receivables, net	252,923	199,260	-	-
Inventories	87,879	(5,354)	30,451	8,386
Prepaid expenses and other assets	(94,348)	(178,123)	42,018	327,794
Pension	(48,943)	(1,594)	-	-
Deferred outflows - OPEB	24,941	15,987	-	-
Accounts payable and accrued liabilities	(1,371,523)	(6,832,722)	127,134	(30,454)
Accrued payroll	6,336,888	(97,342)	-	-
Due to primary government, net	-	-	33,429	(55,945)
Unearned revenue	(671,965)	(468,832)	-	-
Other liabilities	(215,910)	(37,433)	263,378	40,181
Compensated absences	(1,238,928)	(812,030)	-	-
OPEB liabilities and deferred inflows	(1,090,722)	33,887	-	-
Net cash used in operating activities	<u>\$ (68,869,193)</u>	<u>\$ (78,163,663)</u>	<u>\$ (1,274,793)</u>	<u>\$ (627,656)</u>

NONCASH OPERATING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING ACTIVITIES

On-behalf and special funding situation payments	49,930,853	91,893,341	-	-
Capital asset acquisition via capital appropriations	112,663	94,123	-	-
Capital asset acquisition via support from Foundation	755,190	1,077,647	-	-
Capital asset changes in accounts payable	(186,322)	(131,021)	-	-
Gifts in kind	-	-	436,733	442,916
Contributed land investment	-	-	-	2,278,400
Gain (loss) on disposal of capital assets	(2,017)	343,417	-	-

See accompanying notes to the basic financial statements

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Western Illinois University (University), a component unit of the State of Illinois (State), with a primary focus on instruction and an additional commitment to research and public service, has campuses located in Macomb and Moline, Illinois. The governing body of the University is the Board of Trustees of Western Illinois University (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University and its discretely presented component unit, the Western Illinois University Foundation (Foundation). The Foundation is a legally separate, tax-exempt component unit included in the University's reporting entity because of the significance of its financial relationship with the University. Complete financial statements for the Foundation may be obtained by contacting the Foundation located at 1 University Circle, Macomb, IL 61455-1390.

The Foundation is a University-related organization as defined under *University Guidelines* adopted by the State of Illinois Legislative Audit Commission in 1982 as amended in 1997. The Foundation was formed for the purpose of providing fundraising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. In this capacity, the Foundation solicits, receives, holds and administers gifts for the benefit of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources and income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors.

The University is a component unit of the State of Illinois for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the State's comprehensive annual financial report.

B. Basis of Accounting and Presentation

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Business-type activities are those financed in whole or in part by fees charged to external parties for goods and services. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

The Foundation is a private nonprofit organization that reports under accounting standards promulgated by the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and other accounting rules are different from the revenue recognition criteria and accounting rules promulgated by the Governmental Accounting Standards Board (GASB) that the University follows. Beginning in Fiscal Year 2018, the Foundation follows Financial Accounting Standards Board (FASB) standards for financial statement presentation. Consequently, reclassifications have been made to convert their statements to the GASB format for inclusion in the Component Unit column of the financial statements and disclosures. Except for reclassifying the Foundation's FASB presentation into the University's GASB presentation, no modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

C. Prior-Year Information

The basic financial statements include certain prior-year partial comparative information. Such information does not include full comparative footnote disclosures required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2018, from which the partial information was derived.

D. Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The University deferred outflows of resources include a loss on refunding of bonds payable of \$196,413 and a loss on refunding of Certificates of Participation payable of \$340,872 at June 30, 2019. The loss on refunding resulted from the difference between the reacquisition price and the net carrying amount of the old debt. Total amortization included in interest on capital asset related debt for the year ended June 30, 2019 was \$158,679. Also included in deferred outflows of resources is a net pension liability of \$418,858 (see Note 12 for more information) at June 30, 2019 and an OPEB liability of \$373,925 (see Note 13 for more information) at June 30, 2019.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

F. Restricted Assets

The University's Auxiliary Facilities System (System) is a "closed system" in accordance with revenue bond covenants where resources within the System are unavailable for use by the University outside of the System and therefore are classified as restricted assets on the statement of net position. The System's restricted assets consist of cash and cash equivalents, accounts receivable, due from component unit, inventories, and prepaid expenses and other assets.

G. Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019, cash equivalents consisted primarily of money market and similar funds. Included in restricted cash and cash equivalents is unspent loan funds.

H. Investments

The University accounts for its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease in investment assets and investment income.

Illinois statutes and Board policy authorize the University to invest in certificates of deposit, The Illinois Funds, United States Government Securities, securities guaranteed by the full faith and credit of the United States government, and any other security permitted by law and approved by the Board.

I. Accounts Receivable

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

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

J. Bonds and Certificates of Participation Issue Costs

The insurance premium on the bonds and certificates of participation issue costs incurred on the revenue bonds and certificates of participation are being amortized over the life of the bonds/certificates of participation using the straight-line method. Total amortization for the year ended June 30, 2019 was \$25,902.

K. Student Loans Receivable

The University makes loans to students under various federal and other loan programs. Such loans receivable is presented net of estimated uncollectible amounts.

L. Inventories

Inventories are carried at the lower of cost (determined by first-in, first-out or average cost method, depending on the nature of the inventory item) or market.

M. Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The University's capitalization policy for capital assets is as follows: equipment - \$5,000 or greater; land or buildings - \$100,000 or greater; and site, infrastructure, or building improvements - \$25,000 or greater. Intangible assets which are purchased are capitalized at \$100,000 or greater. Internally-generated intangible assets which are primarily software are capitalized at \$1,000,000 or greater. Renovations to buildings and land improvements that increase the value or extend the useful life are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the class of assets.

The following estimated useful lives are being used by the University:

Site improvements	25 years
Buildings	60 years
Building improvements	20 years
Computer equipment	3 years
Trucks greater than 1 ton	12 years
Capital lease equipment	Life of lease
All other equipment	7 years

University capital assets financed by the State of Illinois Capital Development Board (CDB) are recorded by the University as the funds are expended by the CDB.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

N. Unearned Revenue

Unearned revenue represents unearned student tuition and fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

O. Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the Statement of Net Position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

P. Net Position

The University's net position is classified as follows:

Net investment in capital assets – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets and deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

Restricted net position – nonexpendable – represents endowed funds where the donors have stipulated, as a condition of the gift instrument, that the principal be maintained in perpetuity and invested for the purpose of producing income, which may either be expended or added to the principal.

Restricted net position – expendable – net position subject to externally imposed restrictions that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted – net position not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board of Trustees.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

Q. On-behalf Payments for Group Insurance

The University had outside sources of financial assistance provided by the State on behalf of the University during the year ended June 30, 2019.

Substantially all active employees participate in group insurance plans provided by the State and administered by the Department of Central Management Services (CMS), primary providing healthcare benefits. In order to fund the State Employees Group Insurance Program's (SEGIP) pay-as-you-go obligations for both current employees and retirees, the State Employees Group Insurance Act of 1971 (SEGIA) (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund or university component unit, except the university component units shall not be required to make contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

During the year ended June 30, 2019, total estimated group insurance contributions for the University's employees paid from the University's Income Fund and auxiliary enterprises were \$18,253,197. The University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of \$1,283,865 to help offset the amount the State needed to provide for current employees under the situation described in the preceding paragraph. As such, the State contributed the estimated remaining balance of \$16,969,332 on-behalf of the University to meet this obligation for current employees.

As the University is not legally responsible to pay for the on-behalf support provided by the State, the University recognizes non-operating revenues and operating expenses allocated to the related function performed by the employees within the University's financial statements for its current employees' participation in group insurance.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) and additions to/deductions from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

For financial reporting purposes, the State of Illinois and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the University) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The University recognizes its proportionate share of the State's pension expense relative to the University's employees as non-operating revenue and pension expense, with the expense further allocated to the related function performed by the employees.

S. Other Post-employment Benefits (OPEB)

SEGIA (5 ILCS 375), as amended, authorizes the SEGIP, which includes activity for both active employees and retirees, to provide health, dental, vision and life insurance benefits as a single-employer defined benefit OPEB plan not administered as a trust. Substantially all State and university component unit employees become eligible for these OPEB plan benefits when they become annuitants of one of the State sponsored pension plans. CMS administers these benefits for the annuitants with the assistance of the public retirement systems sponsored by the State, including the General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees Retirement System (SERS), Teachers' Retirement System (TRS), and SURS.

In order to fund SEGIP's pay-as-you-go obligations for both current employees and retirees, SEGIA (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund or university component unit, except the university component units shall not be required to make contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

Given the preceding environment, the University has two separate components of OPEB administered within SEGIP. The (1) State of Illinois and its public universities are under a special funding situation for employees paid from the University's Income Fund or auxiliary enterprises, while (2) the University is responsible for OPEB employer contributions for employees paid from trust, federal, and other funds.

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The following are the two components of OPEB administered within SEGIP:

1. Special Funding Situation Portion of OPEB

A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to an OPEB plan that is used to provide OPEB to the employees of another entity (the University) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to an OPEB plan.

During the OPEB measurement period ended June 30, 2018, the University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of \$874,278 to help offset the amount the State needed to provide for retirees under the special funding situation described in the preceding paragraph.

The University recognizes the proportionate share of the State's OPEB expense relative to the University's employees as non-operating revenue and OPEB expense, with the expense further allocated to the related function performed by the employees.

2. University's Portion of OPEB

The University reports a liability, expense allocated to the related function performed by the employees, and related deferred inflows and outflows of resources for OPEB based on the University's proportionate share of amounts paid to SEGIP pursuant to SEGIA for its employees paid from trust, federal, and other funds compared to the collective amounts paid to SEGIP pursuant to SEGIA. The collective amounts paid to SEGIP pursuant to SEGIA includes (1) payments from State agencies for State employees, (2) the amount calculated by CMS to represent the amount paid by the General Fund related to the special funding situation, (3) the total voluntary appropriation repayment from all of the universities, and (4) the total of all payments from the universities for employees paid from trust, federal, and other funds. This methodology has been determined by the State to be the best estimate of how future OPEB payments will be determined.

Deferred inflows and outflows of resources are recognized in OPEB expense at the beginning of the current period, using a systematic and rational method over a closed period, equal to the average expected remaining service lives of all employees, either active or inactive, provided with OPEB through SEGIP, determined as of the beginning of the measurement period.

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T. Classification of Revenues

The University has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most federal, State and local grants and contracts except for certain student financial aid classified as nonoperating revenues, and (4) interest on student loans.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, such as State appropriations, Pell grants, and investment income, that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The State of Illinois General Revenue Fund appropriations are reported as nonoperating revenues to the extent that they are expended during the current fiscal year. The University relies on these appropriations to provide funding for operations.

U. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, State or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

The scholarship allowances on tuition and fees and housing for the year ended June 30, 2019 were \$21,108,557 and \$6,567,759, respectively.

V. Collections

The University has collections of rare manuscripts and art that it does not depreciate. These collections adhere to the University's policy to (a) maintain them for public exhibition, education or research, (b) protect, keep unencumbered, care for and preserve them, and (c) require proceeds from their sale to be used to acquire other collection items.

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W. Endowments

On June 30, 2009, the Illinois Governor signed the Uniform Prudent Management of Institutional Funds Act (UPMIFA) into law. UPMIFA replaced the Uniform Management of Institutional Funds Act and eliminates the historic dollar value rule with respect to endowment fund spending. UPMIFA also updated the prudence standard for the management and investment of charitable funds. The Foundation Board utilizes UPMIFA's provisions in spending decisions regarding the Foundation's endowment funds.

For donor restricted endowments, UPMIFA permits the Board of Directors of the Foundation to appropriate an amount of donor restricted endowments. The Board of Directors has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. A similar strategy has been implemented for Foundation designated endowments.

For both donor restricted endowments and Foundation designated endowments, it is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 4.25% for endowment purposes and 1.50% for operational purposes, of a 36-month moving average of endowment market value, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. The Foundation's policy is to retain the endowments' unrealized appreciation with the endowment (either donor restricted or Foundation designated) after spending rule distributions. As of June 30, 2019, the Foundation had a total of \$12,404,319 of net cumulative appreciation from investment of donor-restricted endowments and Foundation designated endowments available for expenditure. This amount is allocated between expendable restricted net position and unrestricted net position in the Statement of Net Position based on the classification of the underlying asset upon which the income was earned.

X. Split-Interest Agreements

The Foundation's split-interest agreements with donors consist of irrevocable charitable remainder trusts and irrevocable charitable trusts for which the Foundation is a beneficiary. The fair value of the trust assets is reported in the Statement of Net Position and changes in the fair value of the assets are recognized in the Statement of Revenues, Expenses, and Changes in Net Position. It is management's intent to record the contribution income from these agreements in the fiscal year the Foundation becomes the irrevocable beneficiary. The Foundation did not receive any new contribution income during Fiscal Year 2019. Any outstanding liabilities relating to the annual distributions required by the trust agreements are recorded in the Statement of Net Position.

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Y. Taxes

As a State institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code and a similar provision of State law. However, some activities may be subject to taxation as unrelated business income under the Internal Revenue Code and certain activities are subject to State sales tax.

The U.S. Treasury Department issued a determination letter dated January of 1948 that the Foundation is exempt from Federal income taxes under what is now Section 501 (c)(3) of the Internal Revenue Code.

Z. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until then. See Note 13 for additional information.

AA. Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the 2019 presentation. On-behalf payments for group insurance, Pension and OPEB expense, Staff benefits, and Other Operating Expenses previously reported separately in the operating expense section of the Statement of Revenues, Expenses, and Changes in Net Position are reported as operating expenses under the appropriate functional classifications. See the Table of Operating Expenses presented in the Supplementary Information that presents a break-down of the various types of expenses which collectively comprise the University's functional operating expense accounts.

Certain reclassifications have been made to the Foundation's prior year amounts to conform to the 2019 presentation. See Note 19 for additional information.

BB. New Accounting Pronouncement

Effective July 1, 2018, the University adopted the following accounting pronouncements:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The implementation of this statement had no significant impact on the University's financial statements.

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- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including borrowings and direct placements. The implementation of this Statement resulted in additional disclosures in Notes 8 and 9.

NOTE 2 - DEPOSITS

University

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Illinois; bonds of any city, county, school district or special road district of the State of Illinois; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2019, the book balance of various University bank accounts and certificates of deposit was \$101,352, while the bank balance was \$140,308. The difference between these amounts represents deposits in transit and a transfer to a money market account in transit as of June 30, 2019. In addition, the University had cash on hand in various petty cash and change funds in the amount of \$56,646 as of June 30, 2019.

Foundation

At June 30, 2019, the book balance of the Foundation's various bank accounts was \$3,021,144, while the bank balance was \$3,070,386. The difference between these amounts primarily represents checks that have been issued, but have not yet cleared the bank, and deposits in transit as of June 30, 2019.

Reconciliation of cash and cash equivalents to deposits:

	<u>University</u>	<u>Foundation</u>
Cash and cash equivalents	\$ 22,168,801	\$ 3,021,144
Cash and cash equivalents, restricted	25,691,711	-
Less: Money market funds classified as cash and cash equivalents	(47,702,514)	-
Cash on hand	(56,646)	-
Carrying amount of deposits	<u>\$ 101,352</u>	<u>\$ 3,021,144</u>

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NOTE 3 - INVESTMENTS

University

As of June 30, 2019, the University held investments in the Illinois Funds Investment Pool of \$811,077 which are classified as cash and cash equivalents on the University's Statement of Net Position. The Illinois Funds is an external investment pool administered by the State Treasurer. The fair value of the University's investment fund is the same as the value of pool shares and the investments are reported by the State Treasurer at amortized cost. The fund is administered in accordance with the provisions of the Public Funds Investment Act (30 ILCS 235). The Illinois Funds is rated AAAM by Standard & Poor's.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution's failure, a government's deposits, investments or collateral securities that are in the possession of an outside party may not be returned to it. The University's policy for custodial credit risk requires compliance with the provisions of State law.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's investment policy limits maturity of its investments to five years or less from the date of purchase.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations.

The University's policy limits its investments to the Illinois Funds investment pool, United States Treasury bills, United States Treasury notes, United States Treasury bonds, Federal Farm Credit Banks bonds, Federal Home Loan Banks notes, Federal National Mortgage Association, Federal Land Bank bonds, Government National Mortgage Association, and Federal Home Loan Mortgage Corporation.

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Foundation

At June 30, 2019, the Foundation held investments with the following maturities:

Type	Total	Maturities in Years			
		Less Than One Year or No Maturity	1-5 Years	6-10 Years	Over 10 Years
Cash equivalents held in investment accounts	\$ 4,128,553	\$ 4,128,553	\$ -	\$ -	\$ -
U.S. agency obligations (FHLM, FNMA)	110,311	-	60,055	50,256	-
Municipal bonds	833,457	101,989	683,797	47,671	-
Corporate debt securities	8,225,850	2,341,911	5,783,975	99,964	-
Corporate equity securities	96,031	96,031	-	-	-
International equity securities	3,528	3,528	-	-	-
Mutual funds, domestic equity	16,127,032	16,127,032	-	-	-
Mutual funds, international equity	12,764,886	12,764,886	-	-	-
Mutual funds, domestic debt	77,125	77,125	-	-	-
Real assets funds	2,439,742	-	672,260	1,735,614	31,868
Private equity funds	8,655,236	37,658	1,335,966	7,281,612	-
Absolute return (hedge funds)	8,356,052	8,356,052	-	-	-
Real Estate (farm land)	4,984,577	131,600	-	-	4,852,977
Total investments	<u>\$ 66,802,380</u>	<u>\$ 44,166,365</u>	<u>\$ 8,536,053</u>	<u>\$ 9,215,117</u>	<u>\$ 4,884,845</u>

The Foundation adheres to the total return concept of investment management. Total return is defined as the aggregate sum of current income and changes in the market value of the assets under management.

Custodial Credit Risk

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the Foundation would not be able to recover the value of deposits, investments, or collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation insured account balances of \$3,070,386 as of June 30, 2019.

Concentration Risk

Concentration risk exists when a significant portion of the portfolio is invested in items with similar characteristics or subject to similar economic, political, or other conditions. As of June 30, 2019, the Foundation has two single issuer investments that each represents over 5% of the total assets of the Foundation. Foundation management believes these concentration risks represented below are not excessive when considering the overall diversification of the entire investment portfolio.

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The following issuers hold more than 5% of total Foundation assets as of June 30, 2019:

Vanguard Total Stock Market Index	\$11,558,030	14.8%
Mercer Hedge Fund Investors SPC	\$ 8,356,052	10.7%
MidAmerica National Bank Fixed	\$ 5,169,461	6.6%

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's value. The Foundation does not have a policy that specifically addresses interest rate risk. The Foundation had the following assets, at fair values, exposed to interest rate risk at June 30, 2019:

Cash equivalents held in investment accounts	\$ 4,128,553
U.S. agency obligations (FHLM, FNMA)	110,311
Municipal bonds	833,457
Corporate debt securities	8,225,850
Mutual funds, domestic debt	<u>77,125</u>
Sub-total investments	13,375,296
Demand Deposit Interest Bearing Funds	<u>3,021,144</u>
Total assets subject to interest rate risk	<u>\$ 16,396,440</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Foundation's short-term investments generally are not exposed to foreign currency risk.

The Foundation does not have a policy on foreign currency risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. Credit quality ratings are not required for U.S. government securities that are explicitly guaranteed by the U.S. government.

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At June 30, 2019, the Foundation had the following investments and their ratings:

Credit Rating per Standard and Poor's				
	Total Fair Value	U.S. Agency Obligations (FHLM, FNMA)	Municipal Bonds	Corporate Debt Securities
AAA	\$ 357,939	\$ -	\$ -	\$ 357,939
AA	255,348	-	255,348	-
AA-	253,390	-	253,390	-
BBB+	214,842	-	-	214,842
Not Rated	8,088,099	110,311	324,719	7,653,069
	<u>\$ 9,169,618</u>	<u>\$ 110,311</u>	<u>\$ 833,457</u>	<u>\$ 8,225,850</u>

Credit Rating per Moody's				
	Total Fair Value	U.S. Agency Obligations (FHLM, FNMA)	Municipal Bonds	Corporate Debt Securities
Aaa	\$ 151,568	\$ 110,311	\$ 41,257	\$ -
Aa1	20,210	-	-	20,210
Aa2	284,474	-	284,474	-
Aa3	255,348	-	255,348	-
A1	83,438	-	47,671	35,767
A2	607,496	-	-	607,496
A3	301,592	-	-	301,592
Baa1	132,363	-	-	132,363
Baa2	55,819	-	-	55,819
Baa3	20,046	-	-	20,046
Not Rated	7,257,264	-	204,707	7,052,557
	<u>\$ 9,169,618</u>	<u>\$ 110,311</u>	<u>\$ 833,457</u>	<u>\$ 8,225,850</u>

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Fair Value Measurements

The Foundation measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 - Quoted prices for identical investments in active markets
- Level 2 - Observable inputs other than quoted market prices
- Level 3 - Unobservable inputs

At June 30, 2019, the Foundation had the following recurring fair value measurements:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt securities				
U.S. agency obligations (FHLM, FNMA)	\$ 110,311	\$ -	\$ 110,311	\$ -
Municipal bonds	833,457	-	833,457	-
Corporate debt securities	8,225,850	-	8,225,850	-
Mutual funds, domestic debt	77,125	77,125	-	-
Total debt securities	9,246,743	77,125	9,169,618	-
Equity securities				
Corporate equity securities	96,031	96,031	-	-
International equity securities	3,528	3,528	-	-
Mutual funds, domestic equity	16,127,032	16,127,032	-	-
Mutual funds, international equity	12,764,886	12,764,886	-	-
Total equity securities	28,991,477	28,991,477	-	-
Real estate (farm land)	4,984,577	-	4,984,577	-
Charitable remainder trusts	4,432,806	-	-	4,432,806
Total investments by fair value level	<u>\$ 47,655,603</u>	<u>\$ 29,068,602</u>	<u>\$ 14,154,195</u>	<u>\$ 4,432,806</u>
Investments measured at net asset value				
Real assets funds	\$ 2,439,742			
Private equity funds	8,655,236			
Absolute return (hedge funds)	8,356,052			
Total other	<u>19,451,030</u>			
Total	67,106,633			
Plus cash equivalents held in investment pools	4,128,553			
Less charitable remainder trusts	<u>(4,432,806)</u>			
Total investments	<u>\$ 66,802,380</u>			

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Debt and equity securities and real estate exchange traded funds classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using quoted prices for identical securities in markets that are not active, quoted prices for similar securities in active markets, and matrix pricing based on the securities' relationship to benchmark quoted prices. Real estate classified in Level 2 is valued using recent appraisals and similar processes of comparable real estate properties. Charitable remainder trusts classified in Level 3 are valued at the present value of the estimated future cash receipts from the trust assets. Such present values are generally assumed to be the fair market value of the percentage interest of the underlying assets of the trust.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The following provides additional information related to investments measured at NAV as of June 30, 2019:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real assets funds	\$ 2,439,742	\$ 2,205,366	-	-
Private equity funds	8,655,236	4,980,465	-	-
Absolute return (hedge funds)	8,356,052	-	Quarterly	100 Days
Total	<u>\$ 19,451,030</u>	<u>\$ 7,185,831</u>		

Real asset funds – This type includes seven real asset funds that invest in global real estate, natural resources, and infrastructure. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Foundation's ownership interest in partners' capital. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. These investments can never be redeemed with the funds, with the exception of Prudential Real Estate Investors. Distribution from each fund will be received as underlying assets of the funds are liquidated. Each fund is expected to have an approximate ten-year life.

Private equity funds – This type includes ten private equity funds that invest in global buyouts, venture capital, special situations, and secondaries and co-investments. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Foundation's ownership interest in partners' capital. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. These investments can never be redeemed with the funds. Distributions from each fund will be received as underlying assets of the funds are liquidated. Each fund is expected to have an approximate ten-year life.

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Absolute return (hedge funds) – This type includes one hedge fund that pursues multiple strategies to diversify risks and reduce volatility. The strategy mix includes investments in long/short equity, long/short credit, relative value arbitrage, merger arbitrage, convertible arbitrage, capital structure arbitrage, fixed income arbitrage, short credit, distressed debt, global macro, special situations, and private investments. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. This type allows for quarterly redemptions with 100 days notice.

Summary of Carrying Values

The carrying values of cash and cash equivalents shown on previous pages are included in the Statement of Net Position as follows:

	<u>University</u>	<u>Foundation</u>
Cash and cash equivalents	\$ 22,168,801	\$ 3,021,144
Cash and cash equivalents, restricted	25,691,711	-
Total	<u>\$ 47,860,512</u>	<u>\$ 3,021,144</u>

The carrying values of investments shown on previous pages are included in the Statement of Net Position as follows:

	<u>University</u>	<u>Foundation</u>
Current:		
Investments	<u>\$ -</u>	<u>\$ 3,876,744</u>
Noncurrent:		
Endowment Investments	-	10,437,442
Endowment Investments, restricted	-	50,233,580
Investments	-	2,254,614
Total Noncurrent	<u>\$ -</u>	<u>\$ 62,925,636</u>
Total investments	<u>\$ -</u>	<u>\$ 66,802,380</u>

Investment income for the year ended June 30, 2019 consisted of:

	<u>University</u>	<u>Foundation</u>
Interest, dividends, realized gains (losses) and market value changes	<u>\$ 1,217,165</u>	<u>\$ 3,099,084</u>

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NOTE 4 - ACCOUNTS AND STUDENT LOANS RECEIVABLE

Accounts receivable are reported net of allowances for uncollectible accounts. Accounts receivable consisted of the following as of June 30, 2019:

Receivable from students	\$ 12,221,922
Receivable from third parties	746,029
Receivables from funding agencies	2,349,271
Total gross receivables	<u>15,317,222</u>
Allowance for doubtful accounts	<u>(5,850,100)</u>
Total net receivables	<u><u>\$ 9,467,122</u></u>

Student loans receivable totaling \$1,760,418 is reported net of allowance for uncollectible loans of \$613,000 at June 30, 2019.

NOTE 5 - CAPITAL ASSETS

Capital asset activities for the University for the year ended June 30, 2019 were as follows:

	Balance June 30, 2018	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2019
Non-depreciable capital assets:					
Land and land improvements	\$ 3,603,000	\$ -	\$ -	\$ -	\$ 3,603,000
Works of art and historical treasures	653,430	-	-	-	653,430
Construction in progress	5,257,684	1,303,785	-	(1,475,140)	5,086,329
Total non-depreciable capital assets	<u>9,514,114</u>	<u>1,303,785</u>	<u>-</u>	<u>(1,475,140)</u>	<u>9,342,759</u>
Depreciable capital assets					
Site improvements	46,797,367	422,688	-	-	47,220,055
Buildings and building improvements	365,672,368	5,447	-	1,475,140	367,152,955
Equipment	77,970,219	1,869,525	(637,878)	10,325	79,212,191
Capital lease equipment	184,782	-	-	(10,325)	174,457
Total depreciable capital assets	<u>490,624,736</u>	<u>2,297,660</u>	<u>(637,878)</u>	<u>1,475,140</u>	<u>493,759,658</u>
Less accumulated depreciation:					
Site improvements	25,000,763	1,605,538	-	-	26,606,301
Buildings and building improvements	186,071,983	11,032,011	-	-	197,103,994
Equipment	73,495,540	1,510,830	(624,984)	10,325	74,391,711
Capital lease equipment	51,358	37,473	-	(10,325)	78,506
Total accumulated depreciation	<u>284,619,644</u>	<u>14,185,852</u>	<u>(624,984)</u>	<u>-</u>	<u>298,180,512</u>
Total depreciable capital assets, net	<u>206,005,092</u>	<u>(11,888,192)</u>	<u>(12,894)</u>	<u>1,475,140</u>	<u>195,579,146</u>
Capital assets, net	<u>\$ 215,519,206</u>	<u>\$ (10,584,407)</u>	<u>\$ (12,894)</u>	<u>\$ -</u>	<u>\$ 204,921,905</u>

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Three residential buildings with a combined net book value of \$6,095,652 were temporarily taken offline in August 2019. These buildings will be maintained with the intent that they will be occupied in the future.

Capital asset activities for the Foundation for the year ended June 30, 2019 were as follows:

	Balance June 30, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Land and land improvements	\$ 658,304	\$ -	\$ -	\$ -	\$ 658,304

NOTE 6 - UNEARNED REVENUE

Unearned revenues consist of the following as of June 30, 2019:

Tuition and fees	\$ 2,405,839
Grants and contracts	1,532,535
Sales and services of educational departments	140,594
Auxiliary enterprises	197,188
Total	<u>\$ 4,276,156</u>

NOTE 7 - CAPITAL LEASES PAYABLE

The University leases equipment under capital lease purchase contracts with an imputed rate of 10.67%. The capital leases payable are secured by the equipment being financed. The scheduled maturities of the capital leases are as follows:

	Principal	Interest	Total Payments
2020	\$ 31,830	\$ 10,219	\$ 42,049
2021	35,398	6,651	42,049
2022	39,366	2,683	42,049
2023	3,473	31	3,504
Total	<u>\$ 110,067</u>	<u>\$ 19,584</u>	<u>\$ 129,651</u>

NOTE 8 - REVENUE BONDS PAYABLE

General

At June 30, 2019, revenue bonds payable consists of Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2016, Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2015, Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2012, and Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2010.

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Series 2016 Bonds

On February 4, 2016, the Series 2016 Revenue Bonds were issued in the principal amount of \$8,990,000. The Series 2016 bonds are due April 1, 2027, with annual principal payments ranging from \$450,000 to \$1,125,000 commencing on April 1, 2017 and semi-annual interest payments beginning October 1, 2016 at 5.00%.

Proceeds from the sale of the Series 2015 Bonds were used to provide for the current refunding of the outstanding Series 2006 Bonds in the principal amount of \$9,660,000 and to pay certain expenses related to the issuance of the bonds. The total principal amount was deposited into the Series 2006 Bond Account to redeem all of the Refunded Series 2006 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2006 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

Series 2015 Bonds

On May 8, 2015, the Series 2015 Revenue Bonds were issued via a direct bank placement in the principal amount of \$4,190,000. The Series 2015 bonds are due April 1, 2020, with annual principal payments ranging from \$600,000 to \$1,710,000 commencing on April 1, 2016 and semi-annual interest payments beginning October 1, 2015 at 1.39% to 2.03%.

Proceeds from the sale of the Series 2015 Bonds were used to provide for the current refunding of the outstanding Series 2005 Bonds in the principal amount of \$4,115,000 and to pay certain expenses related to the issuance of the bonds. The total principal amount was deposited into the Series 2005 Bond Account to redeem all of the Refunded Series 2005 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

Series 2012 Bonds

On April 19, 2012, the Series 2012 Revenue Bonds were issued in the principal amount of \$33,520,000. The Series 2012 bonds are due April 1, 2032, with annual principal payments ranging from \$1,290,000 to \$2,140,000 commencing on April 1, 2013 and semi-annual interest payments beginning April 1, 2013 at 3.00% to 4.20%.

Proceeds from the sale of the Series 2012 Bonds were used to finance capital improvements to Thompson Hall and the University Union. In addition, a portion of the proceeds from the Series 2012 Bonds were used to provide for the advance refunding of the outstanding Series 2002 Bonds in the principal amount of \$7,890,000. The total principal amount was deposited into the Series 2002 Refunding Account to redeem all of the Refunded Series 2002 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2002

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Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

Series 2010 Bonds

On August 5, 2010, the Series 2010 Revenue Bonds (Build America Bonds) were issued in the principal amount of \$25,510,000. The Series 2010 bonds are due April 1, 2033, with annual principal payments ranging from \$1,120,000 to \$2,010,000 commencing on April 1, 2017 and semi-annual interest payments beginning April 1, 2011 at 4.35% to 6.60%.

Proceeds from the sale of the Series 2010 Bonds were used to finance capital improvement renovations to Corbin and Olson Residence Halls including the Commons Dining Center.

Advance Refunded Bonds

Certain revenue bonds of the University have been defeased in prior years through advance refunding and, accordingly, have been accounted for as if they were retired. The principal amount of advance refunded bonds was fully paid.

Debt Service Activity Requirements and Collateral

Following is a schedule depicting Revenue Bonds Payable activities for the year ended June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Series 2010 Bonds	\$ 23,240,000	\$ -	\$ (1,185,000)	\$ 22,055,000	\$ 1,225,000
Series 2012 Bonds	23,365,000	-	(1,915,000)	21,450,000	1,995,000
Series 2015 Direct Placement Bonds	1,265,000	-	(630,000)	635,000	635,000
Series 2016 Bonds	7,375,000	-	(870,000)	6,505,000	920,000
Unamortized premium	582,689	-	(186,940)	395,749	138,729
	<u>\$ 55,827,689</u>	<u>\$ -</u>	<u>\$ (4,786,940)</u>	<u>\$ 51,040,749</u>	<u>\$ 4,913,729</u>

The University does not have an outstanding line of credit.

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Aggregate maturities of the bonds outstanding as of June 30, 2019 are as follows:

	Bonds		Direct Placement Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 4,140,000	\$ 2,452,852	\$ 635,000	\$ 12,891
2021	4,305,000	2,263,965	-	-
2022	4,465,000	2,082,448	-	-
2023	3,715,000	1,888,133	-	-
2024	3,865,000	1,712,823	-	-
2025-2029	16,755,000	6,026,552	-	-
2030-2033	12,765,000	1,707,372	-	-
	<u>\$ 50,010,000</u>	<u>\$ 18,134,145</u>	<u>\$ 635,000</u>	<u>\$ 12,891</u>
Unamortized premium	395,749	-	-	-
	<u>\$ 50,405,749</u>	<u>\$ 18,134,145</u>	<u>\$ 635,000</u>	<u>\$ 12,891</u>

None of the bonds described above constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by: a) the net revenues of the Western Illinois University Auxiliary Facilities System, b) certain pledged student fees, and c) a pledge of student tuition. Maximum annual debt service as defined for all outstanding revenue bonds is \$7,240,743. The estimated debt service coverage ratio based on revenues generated from operations is 1.03. The future pledged revenues for principal and interest in Fiscal Year 2019 are \$68,792,036. Pledged revenue coverage is 9.53 in Fiscal Year 2019. Pledged revenues have a term of commitment through 2033.

NOTE 9 - CERTIFICATES OF PARTICIPATION PAYABLE

General

At June 30, 2019, certificates of participation consist of Western Illinois University Series 2015 Certificates of Participation and Western Illinois University Series 2010 Certificates of Participation.

Series 2015 Certificates of Participation

On July 14, 2015, the Series 2015 Certificates of Participation were issued in the principal amount of \$15,100,000. The Series 2015 Certificates of Participation are due October 1, 2024 with annual principal payments ranging from \$1,470,000 to \$1,890,000 commencing October 1, 2016 and semi-annual interest payments beginning October 1, 2016 at 3.00% to 5.00%.

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Proceeds from the sale of the Series 2015 Certificates of Participation were used to provide for the current refunding of the outstanding Series 2005 Certificates of Participation in the principal amount of \$7,160,000, the advance refunding of the outstanding Series 2011 Certificates of Participation in the principal amount of \$9,265,000, and to pay certain expenses related to the issuance of the bonds. The net proceeds plus funds provided by the University were deposited into the Series 2005 Installment Payment Fund and the 2011 Installment Payment Fund to redeem all of the Refunded Series 2005 and 2011 Certificates of Participation on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 and 2011 Certificates of Participation are considered defeased and the liability for that portion of the certificates has been removed from the University's Statement of Net Position.

Series 2010 Certificates of Participation

On March 11, 2010, the Series 2010 Certificates of Participation were issued in the principal amount of \$11,585,000. The Series 2010 Certificates of Participation are due October 1, 2029 with annual principal payments ranging from \$415,000 to \$825,000 commencing October 1, 2010 and semi-annual interest payments beginning October 1, 2010 at 1.30% to 6.37%.

Proceeds from the sale of the Series 2010 Certificates of Participation were used to finance heating plant capital improvements and steam line replacements. Additionally, proceeds from the sale were used to reimburse the University for a portion of the cost of the sprinkler system installation in Thompson and Tanner Halls.

Debt Service Activity Requirements and Collateral

Following is a schedule depicting Certificates of Participation activities for the year ended June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Series 2010	\$ 7,895,000	\$ -	\$ (525,000)	\$ 7,370,000	\$ 545,000
Series 2015	11,585,000	-	(1,835,000)	9,750,000	1,890,000
Unamortized premium	349,301	-	(74,742)	274,559	60,230
Unamortized discount	(10,010)	-	2,753	(7,257)	(2,296)
	<u>\$ 19,819,291</u>	<u>\$ -</u>	<u>\$ (2,431,989)</u>	<u>\$ 17,387,302</u>	<u>\$ 2,492,934</u>

The University does not have an outstanding line of credit.

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Aggregate maturities of the certificates of participation outstanding as of June 30, 2019 are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,435,000	\$ 745,875
2021	2,035,000	667,301
2022	2,090,000	592,625
2023	2,165,000	514,753
2024	2,255,000	416,995
2025-2029	5,315,000	888,388
2030	825,000	26,297
	<u>\$ 17,120,000</u>	<u>\$ 3,852,234</u>
Unamortized premium	274,559	-
Unamortized discount	(7,257)	-
	<u>\$ 17,387,302</u>	<u>\$ 3,852,234</u>

The Certificates of Participation described above do not constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by lawful appropriations by the General Assembly for such purposes and legally available nonappropriated funds on an annual basis.

NOTE 10 - ACCRUED COMPENSATED ABSENCES

Vacation pay earned but not taken may be accumulated up to a specified maximum from 24 to 56 work days, and received as a lump sum payment upon termination. At June 30, 2019, such accumulated benefits totaled \$6,952,122.

Administrative and faculty unused sick leave may be accumulated up to a specified maximum, generally 360 calendar days. Unused and unpaid sick leave can be applied toward the service time requirements for computing retirement benefits. Civil service exempt and nonexempt employees have no specified maximum accumulation of unused sick leave days. One-half of any unused sick leave earned from January 1, 1984 and prior to January 1, 1998 can be received as a lump sum payment upon termination. At June 30, 2019, such accumulated benefits totaled \$1,072,066. Compensated absences activity for the year ended June 30, 2019 was as follows:

Balance, beginning of year	\$ 9,263,116
Deductions	<u>(1,238,928)</u>
Balance, end of year	8,024,188
Less: current portion	<u>(1,702,179)</u>
Balance, end of year - noncurrent portion	<u>\$ 6,322,009</u>

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NOTE 11 – NET POSITION

Net position balances by major categories at June 30, 2019 are as follows:

	University	Foundation
Net investment in capital assets	\$ 136,921,071	\$ 497,298
Restricted for:		
Nonexpendable	-	36,528,613
Expendable		
Auxiliary Facilities System		
Operations	10,335,991	-
Retirement of indebtedness	217,091	-
Renewals and replacements	15,621,469	-
Loans	1,590,425	-
Grants and contracts	220,711	256,407
Scholarships, research, instruction and other	-	27,510,167
Total expendable	27,985,687	27,766,574
Unrestricted	(13,240,112)	11,676,794
Total net position	\$ 151,666,646	\$ 76,469,279

NOTE 12 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

The University contributes to the State Universities Retirement System of Illinois (the System or “SURS”), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois’ financial reporting entity and is included in the State’s financial reports as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

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Benefits Provided

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2018 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for Fiscal Year 2018 and 2019 respectively, was 12.46% and 12.29% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability

The net pension liability (NPL) was measured as of June 30, 2018. At June 30, 2018, SURS reported an NPL of \$27,494,556,682.

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Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the University is \$0. The proportionate share of the State's net pension liability associated with the University is \$635,454,194 or 2.3112%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2018 was determined based on the June 30, 2017 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during Fiscal Year 2018.

Pension Expense

At June 30, 2018 SURS reported a collective net pension expense of \$2,685,322,700.

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during Fiscal Year 2018. As a result, the University recognized revenue and pension expense of \$62,063,178 from this special funding situation during the year ended June 30, 2019.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 65,521,614	\$ 181,032,053
Changes in assumption	1,286,257,095	123,218,306
Net difference between projected and actual earnings on pension plan investments	26,810,634	-
Total	<u>\$ 1,378,589,343</u>	<u>\$ 304,250,359</u>

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SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 763,171,084
2020	540,443,042
2021	(192,612,398)
2022	(36,662,744)
2023	-
Thereafter	-
<u>Total</u>	<u>\$ 1,074,338,984</u>

Employer Deferral of Fiscal Year 2019 Pension Expense

The University paid \$418,858 in federal, trust or grant contributions for the fiscal year ended June 30, 2019. These contributions were made subsequent to the pension liability date of June 30, 2018 and are recognized as Deferred Outflows of Resources as of June 30, 2019.

Assumptions and Other Inputs

Actuarial assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2014 – 2017. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.25 to 12.25 percent, including inflation
Investment rate of return	6.75 percent beginning with the actuarial valuation as of June 30, 2018

Mortality rates were based on the RP2014 Combined Mortality Table with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by

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adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(ies).

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.00%
Private Equity	6%	8.50%
Non-U.S. Equity	19%	6.45%
Global Equity	8%	6.00%
Fixed Income	19%	1.50%
Treasury-Inflation Protected Securities	4%	0.75%
Emerging Market Debt	3%	3.65%
Real Estate REITS	4%	5.45%
Direct Real Estate	6%	4.75%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	1%	7.00%
Total	100%	4.55%
Inflation		2.75%
Expected Arithmetic Returns		7.30%

Discount Rate

A single discount rate of 6.65% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.62% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

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Sensitivity of the System’s Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan’s net pension liability, calculated using a single discount rate of 6.65%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.65%	6.65%	7.65%
\$ 33,352,188,584	\$ 27,494,556,682	\$ 22,650,651,520

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

NOTE 13 - POSTEMPLOYMENT BENEFITS

Plan description. The State Employees Group Insurance Act of 1971 (“SEGIA”), as amended, authorizes the State Employees Group Insurance Program (“SEGIP”) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the University’s full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System (“GARS”), Judges Retirement System (“JRS”), State Employees’ Retirement System of Illinois (“SERS”), Teachers’ Retirement System (“TRS”), and State Universities Retirement System of Illinois (“SURS”) are eligible for these other post-employment benefits (“OPEB”). The eligibility provisions for SURS are defined within Note 12.

The Department of Central Management Services (“CMS”) administers OPEB for annuitants with the assistance of GARS, JRS, SERS, TRS, and SURS. The State recognizes SEGIP as a single-employer defined benefit plan, which does not issue a stand-alone financial report.

Benefits provided. The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State’s and the university component units’ employees in accordance with limitations established in SEGIA. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. SEGIA requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes \$5,000.

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Funding policy and annual other post-employment benefit cost. OPEB offered through SEGIP are financed through a combination of retiree premiums, SEGIP contributions pursuant to SEGIA (5 ILCS 375/11), and Federal government subsidies from the Medicare Part D program. These contributions are deposited in the Health Insurance Reserve Fund, which covers both active employees and retired members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in GARS, JRS, SERS, TRS, and SURS do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. CMS' Director, on an annual basis, determines the amount of contributions necessary to fund the basic program of group benefits. The State's contributions are made primarily from the State's General Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree benefits and a separate trust has not been established for the funding of OPEB.

For Fiscal Year 2019, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$11,269 (\$6,699 if Medicare eligible) per member if the annuitant chose benefits provided by a health maintenance organization and \$13,824 (\$4,984 if Medicare eligible) per member if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

CMS' Changes in Estimates. For the measurement date of June 30, 2018, CMS experienced two significant changes within its estimation process. The OPEB for both the special funding situation and the portion of OPEB where the University is responsible for employer contributions are both significantly impacted by (1) the University's number of participants in SEGIP and (2) the average cost per employee within SEGIP. CMS made changes to its estimation methodology that resulted in significant differences within its estimates which represent an outcome of estimation uncertainty that, as time has passed and new sources of better data have become available, continued to be refined to achieve a more representative reflection of the actual outcome of the estimate in future periods. As such, the University experienced a significant decrease in its own OPEB liability and expense and in the non-operating revenue and operating expenses recognized from the special funding situation.

Special Funding Situation Portion of OPEB. The proportionate share of the State's OPEB expense relative to the University's employees totaled (\$29,101,657) during the year ended June 30, 2019. This amount was recognized by the University as non-operating special funding situation revenue and operating expense allocated to the related function performed by the employees during the year ended June 30, 2019.

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While the University is not required to record the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation, the University is required to disclose this amount. The following chart displays the proportionate share of the State's contributions related to the University's special funding situation relative to all employer contributions during the year ended June 30, 2018 based on the June 30, 2017 actuarial valuation rolled forward:

Measurement Date:	<u>June 30, 2018</u>
State of Illinois' OPEB liability related to the University under the Special Funding Situation	\$ 502,678,599
SEGIP total OPEB liability	<u>40,093,248,494</u>
Proportionate share of the total OPEB liability	1.25%

Total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense related to OPEB. The University's total OPEB liability, as reported at June 30, 2019, was measured as of the measurement date on June 30, 2018, with an actuarial valuation as of June 30, 2017, which was rolled forward to the measurement date. The following chart displays the proportionate share of the University's contributions relative to all employer contributions during the year ended June 30, 2018 based on the June 30, 2017 actuarial valuation rolled forward:

Measurement Date:	<u>June 30, 2018</u>
University's OPEB liability	\$ 15,115,155
SEGIP total OPEB liability	<u>40,093,248,494</u>
Proportionate share of the total OPEB liability	.0377%

The University's portion of the OPEB liability was based on the University's proportion share amount determined under the methodology described in Note 1S during the year ended June 30, 2018. As of the current year measurement date of June 30, 2018, the University's proportion declined 0.0026% from its proportion measured as of the prior year measurement date of June 30, 2017.

**STATE OF ILLINOIS
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The University recognized OPEB expense for the year ended June 30, 2019 of (\$314,835). At June 30, 2019, the University reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2018, from the following sources:

Deferred outflows of resources	
Differences between expected and actual experience	\$ 3,871
Changes in proportion	-
University contributions subsequent to the measurement date	370,054
Total deferred outflows of resources	<u><u>\$ 373,925</u></u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 332,831
Changes in assumptions	1,419,464
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,259,901
Total deferred inflows of resources	<u><u>\$ 5,012,196</u></u>

The amounts reported as deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total Amount Recognized of Deferred Inflows and Outflows over the Remaining Service Life of All Employees (5.138662 years)</u>
2020	\$ 1,377,234
2021	1,377,234
2022	1,377,234
2023	824,590
2024	52,027
Total	<u><u>\$ 5,008,319</u></u>

Actuarial methods and assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2017, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2017.

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The valuation date of June 30, 2017 below was rolled forward to June 30, 2018.

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.75%
Projected Salary Increases*	3.00% - 15.00%
Discount Rate	3.62%
Healthcare Cost Trend Rate:	
Medical (Pre-Medicare)	8.0% grading down 0.5% in the first year to 7.5%, then grading down 0.08% in the second year to 7.42%, followed by grading down of 0.5% per year over 5 years to 4.92% in year 7
Medical (Post-Medicare)	9.0% grading down 0.5% per year over 9 years to 4.5%
Dental and Vision	6.0% grading down 0.5% per year over 3 years to 4.5%
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retire before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2018 and 2019 are based on actual premiums. Premiums after 2019 are projected based on the same healthcare cost trend rates applied to per capita claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.
* Dependent upon services and participation in the respective retirement systems. Includes inflation rate listed.	

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For the Year Ended June 30, 2019**

Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2017 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	<u>Retirement age experience study[^]</u>	<u>Mortality^{^^}</u>
GARS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
JRS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
SERS	July 2009 - June 2013	105 percent of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added
TRS	July 2014 - June 2017	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2017
SURS	July 2014 - June 2017	RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants
<p>[^] The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined. A modified experience review was completed for SERS for the 3-year period ending June 30, 2015. Changes were made to the assumptions regarding investment rate of return, projected salary increases, inflation rate, and mortality based on this review. All other assumptions remained unchanged.</p>		
<p>^{^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.</p>		

Since the last measurement date on June 30, 2018, the State has not made any significant changes to the benefit terms affecting the measurement of the collective total OPEB liability. Further, no changes have occurred since the measurement date and the University's fiscal year end on June 30, 2019, that are expected to have a significant impact on the University's proportionate share of the total collective OPEB liability.

Discount rate. Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.56% at June 30, 2017, and 3.62% as of June 30, 2018, was used to measure the total OPEB liability.

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Sensitivity of total OPEB liability to changes in the single discount rate. The following presents the University’s proportionate share of the plan’s total OPEB liability measured as of June 30, 2018, calculated using a Single Discount Rate of 3.62%, as well as what the University’s proportionate share of the plan’s total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.62%) or lower (2.62%) than the current rate:

1% Decrease (2.62%)	Current Single Discount Rate Assumption (3.62%)	1% Increase (4.62%)
\$ 17,720,676	\$ 15,115,155	\$ 13,046,801

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the University’s proportionate share of the plan’s total OPEB liability measured as of June 30, 2018, calculated using the healthcare cost trend rates as well as what the University’s proportionate share of the plan’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. For calculating the healthcare cost trend rates assumption, the key trend rates are 8% in 2019 decreasing to an ultimate trend rate of 4.92% in 2026 for non-Medicare coverage, and 9.0% decreasing to an ultimate trend rate of 4.5% in 2028 for Medicare coverage. For the 1% decrease for calculating the healthcare cost trend rates assumption, the key trend rates are 7.00% in 2019 decreasing to an ultimate trend rate of 3.92% in 2026, for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage. For the 1% increase for calculating the healthcare cost trend rates assumption, the key trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.92% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

1% Decrease	Healthcare Cost Trend Rates Assumption	1% Increase
\$ 12,766,399	\$ 15,115,155	\$ 18,166,534

Total OPEB Liability Associated with the University, Regardless of Funding Source. The University is required to disclose all OPEB liabilities related to it, including (1) the portion of the State’s OPEB liability related to the University’s employees resulting from the special funding situation the University is not required to record and (2) the portion of OPEB liability recorded by the University for its employees paid from trust, federal, and other funds.

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The following chart displays the proportionate share of contributions, regardless of funding source, associated with the University’s employees relative to all employer contributions during the year ended June 30, 2018 based on the June 30, 2017 actuarial valuation rolled forward:

Measurement Date:	<u>June 30, 2018</u>
State of Illinois’ OPEB liability related to the University under the Special Funding Situation	\$ 502,678,599
University’s OPEB liability	<u>\$ 15,115,155</u>
Total OPEB liability associated with the University	\$ 517,793,754
SEGIP total OPEB liability	<u>\$ 40,093,248,494</u>
Proportionate share of the OPEB liability associated with the University	1.29%

NOTE 14 - INSURANCE

Through its participation in the Illinois Public Higher Education Cooperative (IPHEC), the University has contracted with commercial carriers to provide various insurance coverages, including educators’ legal and other general liability insurance. The University’s liability coverages have a \$250,000 to \$350,000 deductible per occurrence. Additionally, the University purchases property insurance coverage for the replacement value of University real property and contents. Settled claims have not exceeded commercial coverage in any of the three preceding years.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 15 - OPERATING EXPENSES BY NATURAL CLASSIFICATION

Operating expenses by natural classification for the year ended June 30, 2019 for the University are summarized as follows:

	Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Depreciation	Total
Instruction	\$ 80,552,916	\$ 1,679,492	\$ -	\$ -	\$ 82,232,408
Research	3,830,057	1,355,620	-	-	5,185,677
Public service	9,212,001	4,442,809	-	-	13,654,810
Academic support	15,343,475	2,416,572	-	-	17,760,047
Student services	14,201,430	8,237,667	-	-	22,439,097
Institutional support	14,422,605	3,709,300	-	-	18,131,905
Operation and maintenance of plant	11,456,497	5,343,782	-	-	16,800,279
Scholarships & Fellowships	473,829	-	10,901,746	-	11,375,575
Auxiliary enterprises	16,174,860	18,117,622	-	-	34,292,482
Depreciation	-	-	-	14,185,852	14,185,852
Total	<u>\$ 165,667,670</u>	<u>\$ 45,302,864</u>	<u>\$ 10,901,746</u>	<u>\$ 14,185,852</u>	<u>\$ 236,058,132</u>

NOTE 16 - CONTRACT WITH WESTERN ILLINOIS UNIVERSITY FOUNDATION

The University has a contract with the Western Illinois University Foundation in which the Foundation has agreed to aid and assist the University in achieving its educational, research, and service goals by developing and administering its gifts. These gifts received by the Foundation are to be used for the benefit of the University in its scholarship, loan, grant and other supporting programs. The University agreed, as part of this contract, to furnish certain services necessary to the operation of the Foundation.

For Fiscal Year 2019, the Foundation did not specifically reimburse the University for \$1,285,228 of personal service costs, facility use and other costs provided by the University. However, the Foundation gave the University \$4,361,842 for Fiscal Year 2019, in totally unrestricted funds or funds restricted as to department but generally available for ongoing University operations.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

During the year ended June 30, 2019, the University and Foundation had the following inter-entity transactions:

	<u>University</u>	<u>Foundation</u>
Nonoperating Revenues - Gifts	\$ 844,450	\$ -
Operating Expenses:		
Instruction	-	436,861
Research	-	17,849
Public service	-	25,360
Academic support	-	41,116
Student services	-	16,035
Institutional support	-	18,383
Operation and maintenance of plant	-	288,846
	<u>\$ 844,450</u>	<u>\$ 844,450</u>

NOTE 17 - STUDENT FINANCIAL ASSISTANCE

The University participates in the U.S. Department of Education's Direct Student Loan Program. The University awarded \$49,232,530 in direct student loans for the year ended June 30, 2019. The University classified this loan program as noncash federal awards and it is disclosed in the Notes to the University's Schedule of Expenditures of Federal Awards in the University's Compliance Examination Report. Accordingly, no revenue or expenses are included in the financial statements of the University. All cash flows associated with these amounts have been reported as cash flows from operating activities as tuition and fees.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Claims and Litigation

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes that ultimate disposition of the actions will not have a material effect on the financial statements of the University.

Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and State governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursements of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 19 – PRIOR PERIOD ADJUSTMENT

During 2019, management of the Foundation identified certain endowment funds that had been incorrectly reported as unrestricted.

A reconciliation of net position reported in the prior period financial statements and as restated follows:

As of June 30, 2018	Previously Reported	Endowment Adjustment	Restated
Net investment in capital assets	\$ 478,011	\$ -	\$ 478,011
Restricted - nonexpendable	33,587,460	1,451,704	35,039,164
Restricted - expendable	16,775,601	10,747,790	27,523,391
Unrestricted	22,591,181	(12,199,494)	10,391,687
	\$ 73,432,253	\$ -	\$ 73,432,253

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION – PENSION (UNAUDITED)
For the Year Ended June 30, 2019**

Schedule of Share of Net Pension Liability	2014	2015	2016	2017	2018
(a) Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%
(b) Proportion amount of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
(c) Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with employer	586,649,047	628,376,573	665,077,569	607,342,161	635,454,194
Total (b) + (c)	586,649,047	628,376,573	665,077,569	607,342,161	635,454,194
Employer DB covered payroll	\$ 97,810,421	\$ 96,318,804	\$ 92,521,052	\$ 84,155,043	\$ 82,557,481
Proportion of collective net pension liability associated with employer as a percentage of DB covered payroll	599.78%	652.39%	718.84%	721.69%	769.71%
SURS plan net position as a percentage of total pension liability	44.39%	42.37%	39.57%	42.04%	41.27%

Schedule of Contributions	2014	2015	2016	2017	2018	2019
Federal, trust, grant, and other contribution	\$ 305,959	\$ 329,255	\$ 360,777	\$ 368,321	\$ 369,915	\$ 418,858
Contribution in relation to required contribution	305,959	329,255	360,777	368,321	369,915	418,858
Contribution deficiency (excess)	-	-	-	-	-	-
Employer covered payroll	\$ 121,080,877	\$ 120,107,278	\$ 115,835,988	\$ 106,343,389	\$ 104,591,344	\$ 100,600,980
Contributions as a percentage of covered payroll	0.25%	0.27%	0.31%	0.35%	0.35%	0.42%

*Note: SURS implemented GASB No. 68 in Fiscal Year 2015. The information above is presented for as many years as available. This schedule is intended to show information for 10 years.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PENSION (UNAUDITED)
For the Year Ended June 30, 2019**

1. Changes of Benefit Terms

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2018.

2. Changes of Assumptions

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019).
- Normal retirement rates. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74, and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- Turnover rates. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

**STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY
 REQUIRED SUPPLEMENTARY INFORMATION – OPEB (UNAUDITED)
 For the Year Ended June 30, 2019**

Schedule of Share of the Collective Total OPEB Liability

	<u>2017</u>	<u>2018</u>
Proportion percentage of the collective total OPEB liability	0.0403%	0.0377%
Proportionate share of the collective total OPEB liability	\$ 16,653,514	\$ 15,115,155
Estimated proportionate amount of collective total OPEB liability associated with the University - State supported portion	\$ -	\$ 502,678,599
Total	<u>\$ 16,653,514</u>	<u>\$ 517,793,754</u>
Employer covered-employee payroll	\$ 98,307,385	\$ 96,093,044
Proportionate share of the collective total OPEB liability as a percentage of employer covered-employee payroll	16.94%	15.73%

*Note: GASB No. 75 was implemented in Fiscal Year 2018. The information above is presented for as many years as available. This schedule is intended to show information for 10 years.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION – TABLE OF OPERATING EXPENSES – 2019
For the Year Ended June 30, 2019**

The following table presents a breakdown of the various types of expenses which collectively comprise the University's functional operating expense accounts for the year ended June 30, 2019:

	Compensation and Benefits										Other Expenses	Total Operating Expenses
	Western Illinois University's Expenses					State of Illinois' Expenses						
	Salaries ¹	Benefits ²	OPEB ³	Pension	Sub-Total	Benefits ²	OPEB ³	Pension	Sub-Total	Total		
Instruction	\$ 54,759,744	\$ 791,956	\$ (159,527)	\$ 152,477	\$ 55,544,650	\$ 8,598,361	\$ (14,745,810)	\$ 31,155,715	\$ 25,008,266	\$ 80,552,916	\$ 1,679,492	\$ 82,232,408
Research	2,890,264	66,416	(4,880)	17,440	2,969,240	263,025	(451,076)	1,048,868	860,817	3,830,057	1,355,620	5,185,677
Public service	5,626,963	838,510	(14,923)	314,046	6,764,596	804,346	(1,379,418)	3,022,477	2,447,405	9,212,001	4,442,809	13,654,810
Academic support	10,656,174	143,216	(29,122)	4,254	10,774,522	1,569,663	(2,691,903)	5,691,193	4,568,953	15,343,475	2,416,572	17,760,047
Student services	9,936,707	129,237	(26,321)	-	10,039,623	1,418,636	(2,432,898)	5,176,069	4,161,807	14,201,430	8,237,667	22,439,097
Institutional support	9,420,246	371,447	(29,216)	82,402	9,844,879	1,574,754	(2,700,634)	5,703,606	4,577,726	14,422,605	3,709,300	18,131,905
Operation and maintenance of plant	7,651,707	110,783	(22,574)	-	7,739,916	1,216,701	(2,086,589)	4,586,469	3,716,581	11,456,497	5,343,782	16,800,279
Scholarships and Fellowships	473,829	-	-	-	473,829	-	-	-	-	473,829	10,901,746	11,375,575
Auxiliary enterprises	11,439,600	166,769	(28,272)	7,465	11,585,562	1,523,846	(2,613,329)	5,678,781	4,589,298	16,174,860	18,117,622	34,292,482
Depreciation	-	-	-	-	-	-	-	-	-	-	14,185,852	14,185,852
Total	\$ 112,855,234	\$ 2,618,334	\$ (314,835)	\$ 578,084	\$ 115,736,817	\$ 16,969,332	\$ (29,101,657)	\$ 62,063,178	\$ 49,930,853	\$ 165,667,670	\$ 70,390,462	\$ 236,058,132

¹Salaries includes employer contributions for Social Security, Medicare, and unemployment.

²Benefits includes certain group insurance costs, such as healthcare and life insurance. For the University, it also includes employer § 403(b) contributions.

³OPEB refers to other post-employment benefits.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
OTHER INFORMATION – TABLE OF OPERATING EXPENSES – 2018 (UNAUDITED)
For the Year Ended June 30, 2019**

The following table presents a breakdown of the various types of expenses which collectively comprise the University's functional operating expense accounts for the year ended June 30, 2018:

	Compensation and Benefits										Other Expenses	Total Operating Expenses
	Western Illinois University's Expenses					State of Illinois' Expenses						
	Salaries ¹	Benefits ²	OPEB ³	Pension	Sub-Total	Benefits ²	OPEB ³	Pension	Sub-Total	Total		
Instruction	\$ 57,241,468	\$ 792,637	\$ 83,736	\$ 148,895	\$ 58,266,736	\$ 7,260,871	\$ 10,266,785	\$ 29,043,511	\$ 46,571,167	\$ 104,837,903	\$ 2,169,178	\$ 107,007,081
Research	2,833,791	58,687	2,480	14,819	2,909,777	215,063	304,097	960,449	1,479,609	4,389,386	1,169,495	5,558,881
Public service	5,458,930	741,274	7,048	281,885	6,489,137	611,007	863,956	2,582,285	4,057,248	10,546,385	3,580,507	14,126,892
Academic support	11,128,809	142,348	15,159	31,429	11,317,745	1,314,591	1,858,816	5,268,090	8,441,497	19,759,242	2,956,843	22,716,085
Student services	10,362,662	128,578	13,697	-	10,504,937	1,187,832	1,679,580	4,790,742	7,658,154	18,163,091	9,659,836	27,822,927
Institutional support	9,325,523	315,878	14,388	70,149	9,725,938	1,247,651	1,764,163	4,986,282	7,998,096	17,724,034	4,209,133	21,933,167
Operation and maintenance of plant	7,698,995	108,700	11,580	-	7,819,275	1,004,102	1,419,789	4,152,360	6,576,251	14,395,526	5,146,309	19,541,835
Scholarships and Fellowships	520,368	5,177	33	2,049	527,627	2,849	4,028	11,502	18,379	546,006	11,366,624	11,912,630
Auxiliary enterprises	13,242,888	161,353	16,130	-	13,420,371	1,398,622	1,977,635	5,716,683	9,092,940	22,513,311	21,626,865	44,140,176
Depreciation	-	-	-	-	-	-	-	-	-	-	14,363,925	14,363,925
Total	\$ 117,813,434	\$ 2,454,632	\$ 164,251	\$ 549,226	\$ 120,981,543	\$ 14,242,588	\$ 20,138,849	\$ 57,511,904	\$ 91,893,341	\$ 212,874,884	\$ 76,248,715	\$ 289,123,599

¹Salaries includes employer contributions for Social Security, Medicare, and unemployment.

²Benefits includes certain group insurance costs, such as healthcare and life insurance. For the University, it also includes employer § 403(b) contributions.

³OPEB refers to other post-employment benefits.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Western Illinois University (University) and its aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 17, 2020. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Compliance and Other Matters

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

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the University's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2019-001 that we consider to be a significant deficiency.

University's Response to the Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
February 17, 2020

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2019**

Current Finding – *Government Auditing Standards*

2019-001 – Inadequate Control over Monitoring of Capital Assets in Constructions in Progress

The Western Illinois University (University) did not properly monitor completion of capital assets in construction in progress to ensure timely capitalization and computation of depreciation of building improvements.

We noted the following in our audit of financial statements relating to capital assets:

The University did not update its property records timely. We noted two constructions in progress projects completed in Fiscal Year 2019 that were not transferred to building improvements resulting in misclassification of depreciable capital assets by \$1,183,634 and unrecorded depreciation costs totaling \$24,636.

- A roof project, totaling \$671,736, was completed in November 2018, which resulted in unrecorded depreciation costs of \$22,503.
- An upgrade, totaling \$511,898, was completed in June 2019, which resulted in unrecorded depreciation costs of \$2,133.

The Comptroller’s Statewide Accounting Management System (SAMS) Manual (Procedure 03.30.10) provides agencies with guidance on reporting capital assets and depreciation expense. The SAMS Manual states that constructions in progress are accumulation of costs incurred during construction of assets. The accumulated costs are held in Construction in Progress until such time as the project is determined to be “substantially complete” (i.e. ready for its intended use).

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State’s resources. Good internal control procedures require adequate management oversight and review of accounting policies and procedures as well as an overall review of financial reporting for accuracy and compliance with GAAP.

**STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2019**

Current Finding – *Government Auditing Standards* (Continued)

**2019-001 – Inadequate Control over Monitoring of Capital Assets in Constructions in Progress
(Continued)**

Governmental Accounting Standards Board Statement No. 34, Paragraphs 18-22, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, capital assets should be reported at historical cost and should be depreciated over their estimated useful lives unless they are either inexhaustible or are infrastructure assets reported using the modified approach. Further, capital assets that are being or have been depreciated should be reported net of accumulated depreciation in the statement of net assets and those that are not being depreciated, such as land or infrastructure assets reported using the modified approach, should be reported separately if the government has a significant amount of these assets. Depreciation expense should be reported in the statement of activities.

In addition, per the University’s Capital Asset Policy, renovations to buildings and land improvements that increase the value or extend the useful life are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful lives of the class of assets. The estimated useful lives being used by the University for building improvements is 20 years.

University officials stated this exception was due to staff turnover and the elimination of positions in the accounting department which led to an oversight on the review of the University’s year-end checklist.

Failure to timely transfer the completed constructions in progress resulted in misclassification of depreciable capital assets and an understatement of current year expenses. In addition, inaccurate and incomplete financial statements were submitted to the Comptroller’s Office. (Finding Code No. 2019-001)

RECOMMENDATION

We recommend the University review current practices to determine if enhancements can be implemented to ensure the year-end checklist is properly monitored and each activity has been completed.

UNIVERSITY RESPONSE

The University agrees with the finding. The accounting department will place an increased emphasis on the review of the year-end checklist and Facilities Management project reports to ensure projects in construction in progress were capitalized or expensed appropriately.