

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

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

**FOR THE YEAR ENDED JUNE 30, 2005**

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

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

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

**For the Year Ended June 30, 2005**

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

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

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**STATE OF ILLINOIS  
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COMPLIANCE EXAMINATION**

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

**For the Year Ended June 30, 2005**

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**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CROSS-REFERENCE TABLE OF SPECIAL REPORTING  
REQUIRED BY 1982 UNIVERSITY GUIDELINES, AS AMENDED,  
AND THE OFFICE OF THE AUDITOR GENERAL  
Year Ended June 30, 2005**

**Source of Requirement**

<b>Revised Memo from Office of the Auditor General, <u>Dated July 25, 2000</u></b>	<b>Page Number and Report Where Information <u>is Contained</u></b>
Item 12, Entities Financial Statements	See Note 23 of financial statements
Item 13, Report Contents:	
a. Compliance Findings pertaining to the 1982 University Guidelines, as amended	See Note 1 below
b. Statement of Sources and Applications of Indirect Cost Recoveries	Page 56 in the Report
c. Calculation for Indirect Cost Carryforward	Page 62 in the Report
d. Tuition Diverted to Auxiliary Enterprise Operations	None
e. Identification of Each Specific Accounting Entity and Description of the Sources of Revenue and Purpose of Each	Pages 71 - 72 in the Report
f. Financial Statements by Entity Including Plant Fund Data	Pages 54 - 61 in the Report
g. Calculation Sheets for Current Excess Funds	Pages 63 - 70 in the Report
h. Disclosure of Support Which Auxiliary Enterprise and Activities Have Received During the Year from State Appropriated Funds	Page 75 in the Report
i. Statement of Revenue and Expenditures for Various Bond Indenture Required Accounts	See Note 23 of financial statements
j. Statement of Whether Bond Accounting Conforms to the Terms of the Bond Indenture	See Note 2 below
k. List and Description of Noninstructional Facilities Reserves	Page 74 in the Report
l. List of All University-Related Organizations (UROs) List of Independent Organizations	Page 73 in the Report None
m. Disclosure of Payments by UROs to the University for Services Provided	Page 73 in the Report

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CROSS-REFERENCE TABLE OF SPECIAL REPORTING  
REQUIRED BY 1982 UNIVERSITY GUIDELINES, AS AMENDED,  
AND THE OFFICE OF THE AUDITOR GENERAL  
Year Ended June 30, 2005

**Source of Requirement**

<b>Revised Memo from Office of the Auditor General, <u>Dated July 25, 2000</u></b>	<b>Page Number and Report Where Information <u>is Contained</u></b>
Item 13, Report Contents (Continued):	
n. Disclosure of Payment by the University to UROs for Services Provided	Page 73 in the Report
o. Disclosure of Cumulative Amount of Unreimbursed Subsidies	Page 73 in the Report
p. Description of Any Debt Financing by a URO	Page 52 in the Report
q. Schedule of Cash and Investments	Pages 31 - 32 in the Report
r. Statement Regarding Income from Investments of Pooled Funds	See Note 3 below
s. Costs per Full-Time Equivalent Student	Page 41 in the Report
t. Disclosure of Acquisition of Real Estate by the University or URO not Funded by Separate Specific Appropriation	Page 53 in the Report
u. Disclosure of Issuance of Certificates of Participation (COPs) or Participation in Lease or Purchase Arrangements involving COPs	None
Other Financial Related Schedules for Universities:	
1. Schedule of Appropriations, Expenditures, and Lapsed Balances by Major Line Item	Page 27 in the Report
2. Schedule of Income Fund Revenues and Expenses	Page 29 in the Report
3. Schedule of Tuition and Fee Waivers	Pages 49 - 50 in the Report
4. Information on Classroom Utilization	Page 51 in the Report

Note 1 - There were no violations of the compliance requirements of the University Guidelines 1982 identified during the audit of Illinois State University for the year ended June 30, 2005.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CROSS-REFERENCE TABLE OF SPECIAL REPORTING  
REQUIRED BY 1982 UNIVERSITY GUIDELINES, AS AMENDED,  
AND THE OFFICE OF THE AUDITOR GENERAL  
Year Ended June 30, 2005**

- Note 2 - There were no violations of revenue bond covenants noted during the audit of Illinois State University for the year ended June 30, 2005.
- Note 3 - Investment income of pooled funds has been allocated and credited to the original sources of the funds to the extent practical. There was no unallocated investment income that was required to be paid into the Income Fund.

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

**AGENCY OFFICIALS**

President	Dr. C. Alvin Bowman
Vice President – Finance and Planning	Dr. Stephen M. Bragg
Comptroller	Mr. Greg Alt
Legal Counsel (through July 31, 2005)	Ms. Renee Smith Byas
Director – Internal Audit	Mr. Rick Papuga

Agency offices are located at:

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

ILLINOIS STATE  
UNIVERSITY

Office of the  
Vice President for  
Finance and Planning



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

December 8, 2005

Nykiel, Carlin & Co., Ltd.  
200 E. Court St., Suite 608  
Kankakee, IL 60901

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of Illinois State University (University). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following assertions during the year ended June 30, 2005. Based on this evaluation, we assert that during the year ended June 30, 2005, 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. The 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. The money or negotiable securities or similar assets handled by the University on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois State University

A handwritten signature in black ink, appearing to read "C. Al Bowman".

C. Al Bowman, President

A handwritten signature in black ink, appearing to read "Stephen M. Bragg".

Stephen M. Bragg, Vice-President  
Finance and Planning

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY

COMPLIANCE REPORT

SUMMARY

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

**AUDITORS' REPORTS**

The Independent Accountants' 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>This Report</u>	<u>Prior Report</u>
Findings	4	1
Repeated findings	0	1
Prior recommendations implemented or not repeated	1	4

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

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
		<u>FINDINGS (STATE COMPLIANCE)</u>
05-1	12	Failure to Complete Ethics Training within Six Months of Employment
05-2	13	Contracts and Leases Not Filed with the State Comptroller's Office and did Not Include all the Required Certifications for State Contracts
05-3	15	Property Control Reports
05-4	17	Time Sheets Not Maintained in Compliance with the State Officials and Employees Ethics Act
		<u>PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)</u>
05-5	19	Noncompliance with University Faculty Research and Consulting Act

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY

COMPLIANCE REPORT

SUMMARY

EXIT CONFERENCE

The findings and recommendation appearing in this report were discussed with University personnel at an exit conference on February 9, 2006. Attending were:

Representing Illinois State University  
Vice President of Finance and Planning  
Comptroller  
Assistant Comptroller  
Comptroller's Office  
Director – Internal Audit

Dr. Stephen M. Bragg  
Mr. Greg Alt  
Ms. JoEllen Bahnsen  
Mr. Doug Litwiller  
Mr. Rick Papuga

Representing Nykiel, Carlin & Co., Ltd.  
Principal  
Manager

Mr. Paul A. Pelletier, CPA  
Mr. Brian L. Creek, CPA

Representing the Office of the Auditor General  
Audit Manager

Ms. Candice M. Long, CPA

Responses to the recommendations were provided by Mr. Greg Alt in a letter dated February 9, 2006.

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Illinois State University's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2005. The management of Illinois State University is responsible for compliance with these requirements. Our responsibility is to express an opinion on Illinois State University's compliance based on our examination.

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

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

In our opinion, Illinois State University complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2005. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 05-1 thru 05-4. As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

#### Internal Control

The management of Illinois State University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered Illinois State University's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter to your office.

#### Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of Illinois State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 8, 2005. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Illinois State University. The 2005 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2005 taken as a whole. The prior years comparative information has been derived from Illinois State University's basic financial statements as of and for the years ended June 30, 2004 and 2003, before they were reclassified for the matter described in Note 21 of the financial statements, which were audited by other auditors who expressed unqualified opinions on the basic financial statements in their report dated October 29, 2004.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

*Nykiel, Carlin & Co., Ltd.*

NYKIEL, CARLIN & CO., LTD.  
Kankakee, Illinois

December 8, 2005

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of Illinois State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 8, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Illinois State University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness. However, we noted certain instances of internal control deficiencies, which we have reported to management of Illinois State University in a separate letter dated December 8, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Illinois State University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which are reported as State compliance findings in the schedule of findings. We also noted certain other matters which we have reported to management of Illinois State University in a separate letter dated December 8, 2005.

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

*Nykiel, Carlin & Co., Ltd.*

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Kankakee, Illinois

December 8, 2005

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the compliance of Illinois State University with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Illinois State University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Illinois State University's management. Our responsibility is to express an opinion on the Illinois State University's compliance based on our audit.

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

In our opinion Illinois State University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Illinois State University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Illinois State University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Illinois State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 8, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Illinois State University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Nykiel, Carlin & Co., Ltd.*

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Kankakee, Illinois

December 8, 2005

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STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005

**I. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes  X  No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_ Yes  X  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes  X  No
- Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_ Yes  X  None reported

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

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

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA No.</u>
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loan Program	84.268
Nursing Student Loans	93.364
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925
WIA Cluster:	
WIA Adult Program	17.258
WIA Dislocated Workers	17.260
Education and Human Resources	47.076
Fund for the Improvement of Postsecondary Education	84.116
Transition to Teaching	84.350
Improving Teacher Quality State Grants	84.367

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**I. SUMMARY OF AUDITORS' RESULTS (continued)**

Dollar threshold used to distinguish between type A  
and type B programs:

\$680,571

Auditee qualified as low-risk auditee?

X  Yes      No

**II. FINANCIAL STATEMENT FINDINGS**

None

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2005**

**CURRENT FINDINGS - STATE**

**05-1 Finding: Failure to Complete Ethics Training Within Six Months of Employment**

The University failed to provide ethics training within six months of initial employment for some individuals hired during fiscal year 2005.

The University conducted annual training for continuing employees as required by the State Officials and Employees Ethics Act (Act). However, the University did not provide the initial six month training as required by the Act for 308 employees hired during Fiscal Year 2005. These personnel were hired subsequent to the fall 2004 training date and more than six months prior to the earliest fall 2005 training date.

The State Officials and Employees Ethics Act (5 ILCS 430/5-10) states that a person who fills a vacancy in an elective or appointed position that requires training and a person employed in a position that requires training must complete his or her initial ethics training within six months after commencement of his or her office or employment.

University officials stated that they believed the ethics training was required to be completed via the Office of the Executive Inspector General's web based training program or that training materials had to be obtained from the Inspector General. The University's understanding was that materials were going to be provided by the Inspector General's Office. Because the materials were not provided until July of 2005 and the Inspector General did not offer web based training in the second half of fiscal year 2005 the University could not complete the training as required.

Failure to provide ethics training within the required time frame may cause employees to be unaware of specific ethical requirements of State employees. (Finding Code No. 05-1)

**Recommendation**

We recommend the University develop procedures to ensure that newly hired employees receive the appropriate ethics training within six months of their initial date of employment.

**University Response**

The University agrees with the recommendation to ensure that newly hired employees receive the appropriate ethics training within six months of initial employment. In addition to the annual on-line ethics training program currently provided to all employees, the University has implemented an additional periodic training process for those employees hired after the conclusion of the annual training program.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2005**

**CURRENT FINDINGS - STATE**

**05-2 Finding: Contracts and Leases Not Filed with the State Comptroller's Office and did Not Include all the Required Certifications for State Contracts**

Certain contracts and leases were not filed with the State Comptroller's Office as required and did not include all required certifications for State contracts.

We examined 25 contractual agreements and 10 real property lease agreements entered into by the University and noted the following:

- Two contracts (8%) and two lease agreements (20%) did not include all the required certifications. These included contracts for insurance services and equipment rental. Some contracts were based on hourly rates and others were for a specified maximum fee. We noted the following certifications (statutory reference noted in parenthesis) or clauses were missing from at least one of the contracts or leases examined:
  - Bribery Clause (30 ILCS 500/50-5(d))
  - Contract Debt Certification (30 ILCS 500/50-11(b))
  - Forced Labor Act Certification (30 ILCS 583/10(a))
  - Felony Conviction Act under Sarbanes-Oxley Certification (30 ILCS 500/50-10.5(b))
- Twelve contracts (48%) and two lease agreements (20%) tested were not filed with the State Comptroller's Office as required.

The Illinois Procurement Code (30 ILCS 500/20-80(b)) and SAMS Procedure 15.10.40 require State agencies to file contracts exceeding \$10,000 with the State Comptroller within 15 days of execution. In addition, the Statewide Accounting Management System (SAMS) Procedure 15.20.10 states, "File Only contracts including contracts paid entirely from locally held funds do not require obligation and are not entered into the SAMS system. They must, however, be filed with the Illinois Office of the Comptroller (IOC) and must meet all IOC documentation and certification requirements."

The Illinois Procurement Code (30 ILCS 500) and the State Prohibition of Goods from Forced Labor Act (30 ILCS 583) require the above certifications to be included in all State contracts. In addition, the Statewide Accounting Management System (SAMS) Procedure 15.20.40 and 15.20.50 list the required content which should be included in all contractual agreements and real property leases entered into by the University.

University officials stated that certain contracts and leases were not filed because a "Contract Obligation Document" was not required to be filed with the Office of the State Comptroller. Because a contract obligation document was not required the University believed it was not required to submit these contracts/leases to the Comptroller.

University officials also stated that the omission of the items mentioned above was an oversight by the University.

Failure to file contracts with the State Comptroller is a violation of State statutes and regulations, and failure to include all required certifications in contracts and leases may result in the University doing business with a vendor/lessor that is prohibited from contracting with the State. (Finding Code No. 05-2)

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2005**

**CURRENT FINDINGS - STATE**

**05-2 Finding: Contracts and Leases Not Filed with the State Comptroller's Office and did Not Include all the Required Certifications for State Contracts (continued)**

**Recommendation**

We recommend that the University implement procedures to ensure all contracts over \$10,000 are filed with the Office of the State Comptroller in accordance with State statutes and guidelines. We further recommend the University review its procedures to ensure contractual agreements and leases entered into by the University include all the required certifications for State contracts.

**University Response**

The University agrees with the recommendation to ensure all contracts over \$10,000 are filed with the Office of the State Comptroller in accordance with State statutes and guidelines and has implemented procedures to do so. The University also agrees with the recommendation to ensure all contracts and leases include the required certifications

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2005**

**CURRENT FINDINGS - STATE**

**05-3 Finding: Property Control Reports**

Agency Reports of State Property (C-15's) filed with the Office of the Comptroller were inaccurate and the Real Property Utilization report was filed late.

We examined the University's Agency Report of State Property filed with the Office of the Comptroller for each of the four quarters in fiscal year 2005. Our examination revealed the following errors:

- Fixed asset additions, deletions and/or transfers were not recorded in a timely manner. Certain fixed assets were not added to the C-15 reports during the quarter in which the transaction occurred. The first quarter C-15 included additions of \$6,144,304 and deletions of \$56,142 which related to the June 30, 2004 C-15. The fourth quarter C-15 did not include additions of \$924,265 and deletions of \$151,927 for the land and site improvements lines.
- Transfers in from the Capital Development Board (CDB) were incorrectly recorded in both the "Transfers in from CDB" and the "Net Transfers" columns in the same quarter for three of the four C-15 reports examined during our audit. These amounts should not have been shown in the "Net Transfers" column until the quarter following the quarter in which they were reported as transfers in from CDB.
- The second quarter C-15 showed \$547,961 of transfers out which was actually the total transfer out reported on the first quarter C-15. The correct total for the second quarter should have been \$827,787.
- Totals shown in the "Amount Reportable" Column were incorrect on all four C-15 reports examined. The "Net Transfers" column included the current quarter "Transfers in from CDB" column amounts. The totals reported in the "Amount per Agency Records" column, was identical to the "Amount Reportable" column.

None of these errors had any effect on the University's financial statements.

In addition, we noted that the University did not file the Real Property Utilization Report in a timely manner. The report was submitted to the Department of Central Management Services 19 days after the extended due date of November 28, 2004.

The Statewide Accounting Management System (SAMS) procedure 29.20.10 provides guidance for the proper preparation of the Agency Report of Fixed Assets (C-15's). In addition, the Department of Central Management Services Property Control Rules (44 Ill Admin Code 5010.400) requires all changes in equipment records to be made within 30 days.

University officials stated that due to the length of time required to receive and process all information necessary to properly record fixed assets, it is not feasible for University to record all additions and deletions within 30 days of the end of each quarter. In regards to the Real Property Utilization report, the requirements were expanded by the Department of Central Management Services which required the University to perform extensive data gathering.

Failure to submit accurate Agency Reports of State Property to the Office of the Comptroller may result in the State including inaccurate information in its annual report. (Finding Code No. 05-3)

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2005**

**CURRENT FINDINGS - STATE**

**05-3 Finding: Property Control Reports (continued)**

**Recommendation**

We recommend the University review its procedures for completing C-15 reports to ensure the accuracy of information provided to the Office of the Comptroller. We also recommend the University file the Real Property Utilization Report in a timely manner.

**University Response**

The University agrees with the recommendation to review its procedures for completing the C-15 reports and has modified its reporting procedures to include additions and deletions in a more timely fashion. The University also agrees with the recommendation to file the Real Property Utilization Report in a timely manner and did file the 2005 report by the required date.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2005**

**CURRENT FINDINGS - STATE**

**05-4 Finding: Time Sheets Not Maintained in Compliance with the State Officials and Employees Ethics Act**

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

Of the 37 employees' time sheets that were examined, 10 (all faculty or salary civil service employees) did not submit time sheets documenting the time spent each day on official State business to the nearest quarter hour. We noted that the University's procedures only required positive time reporting for hourly civil service employees and student workers. Exempt civil service and academic employees were required to submit benefit usage cards that identified leave time used (negative time reporting).

The Act requires the University (through policies adopted by the Illinois Board of Higher Education) to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5(c)) states, "the policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour."

University officials stated that members of the higher education community had received a memo from the Executive Inspector General that stated "it appears that a system of absence reporting would be an appropriate method of time keeping under the Ethics Act. Under this system, an employee would only report time during their normal work schedule that was not spent at work and provide the category of leave taken for that time away."

By not requiring positive time reporting sheets from all its employees, the University is not in compliance with the Act. (Finding Code No. 05-04)

**Recommendation**

We recommend that the University require all employees to maintain time sheets in compliance with the Act.

**University Response**

The University does not agree that its system of requiring non-hourly employees to report absence time during their normal work schedule is not in compliance with the State Officials and Employees Ethics Act (Act). The Illinois Office of Executive Inspector General, who is charged with implementing the Act has indicated the University's current absence management system complies with the Act. Implementation of a comprehensive positive time reporting system would incur significant additional cost while yielding no real benefit. The current time reporting system utilized by the University does accomplish the need for employees to account for time spent on official State business in a cost beneficial manner.

**Auditors' Comment**

The State Officials and Employees Ethics Act defines "State agency" to include "public institutions of higher learning. . ." 5 ILCS 430/1-5. Illinois State University is defined as a "public institution of higher learning" in Section 2 of the Higher Education Cooperation Act. 110 ILCS 220/2. Further, the State Officials and Ethics Act defines "State employee" to be "any employee of a State agency." 5 ILCS 430/1-5.

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2005

CURRENT FINDINGS - STATE

**05-4 Finding: Time Sheets Not Maintained in Compliance with the State Officials and Employees Ethics Act (continued)**

**Auditors' Comment (continued)**

As noted in the finding, the State Officials and Employees Ethics Act requires "State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour. . ." 5 ILCS 430/5-5 (c). This timekeeping requirement went into effect March 1, 2004. The negative timekeeping system used for University faculty and salary civil service employees requires those employees to report only time away from State business, not the time spent each day on State business. Further, it is logical to assume that, by adopting this language, the legislature meant to effect a change in the method used by State employees to record their time - that is, to adopt a positive timekeeping system.

Finally, the memorandum from the Office of the Executive Inspector General upon which the University relied in maintaining its customary negative timekeeping system for faculty employees clearly states that it "is not a legal opinion."

The auditors continue to believe that a positive timekeeping system for State employees is required by the State Officials and Employees Ethics Act. If the University disagrees with this conclusion, we further recommend that it seek a formal, written opinion from the Attorney General's Office on the requirements of this statutory provision.

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2005

PRIOR FINDINGS NOT REPEATED – STATE

**05-5 Finding: Noncompliance with University Faculty Research and Consulting Act**

During the prior period, the University did not comply with the University Faculty Research and Consulting Act. Ten of the 25 faculty requests for approval of outside employment were not approved prior to the start of employment. (Finding Code Nos. 04-1, 03-3)

**Status:** Not repeated.

During our audit testing, we noted no instances where approval of outside employment was not approved prior to the start of employment.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY**

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

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

**Fiscal Schedules and Analysis**

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

**Analysis of Operations**

- Agency Functions and Planning Program
- Employment Statistics (Unaudited)
- Annual Cost Statistics (Unaudited)
- Emergency Purchases
- Service Efforts and Accomplishments (Unaudited)
- Schedule of Federal and Nonfederal Expenditures
- Summary of Agency Operations by Function of Program Activity –
  - Student Enrollment Statistics (Unaudited)
- Tuition and Fee Waivers (Unaudited)
- 10th Day Room Utilization (Unaudited)
- Debt Financed by University Related Organization
- Acquisition of Real Estate by University Not Funded by
  - Separate Specific Appropriation

**Special Data Requirements for Audits of Universities**

**Entity Financial Statements**

**Local Funds:**

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

**Service Departments:**

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

**Auxiliary Facilities:**

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

Calculation Sheet for Indirect Cost Carryforward

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY (continued)

Special Data Requirements for Audits of Universities (continued)

Calculation Sheet for Current Excess Funds:

Current Unrestricted Local Funds:

Continuing Education and Public Services

Sales and Services of Education Activities

Student Programs and Services

Field Trips and Foreign Study

Service Departments

Auxiliary Facilities – Revenue Bonds:

Student Housing

Student Activities

Parking Services

Auxiliary Facilities, Activities, and Accounting Entities

Summary of Foundation Payments to the University

Noninstructional Facilities Reserve

Disclosure of Support Which Auxiliary Facilities and Activities Have Received

During the Year from State Appropriated Funds

Illinois Institute for Entrepreneurship Education Financial Information

FY2005 Performance Data Budget and Cumulative Quarterly Report Child Abuse

Prevention and Tax Checkoff Grants, Contract No. 0815799015 (Unaudited)

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>STUDENT FINANCIAL AID CLUSTER</b>				
<b>U.S. Department of Education</b>				
* Federal Supplemental Educational Opportunity Grants	84.007		\$ 535,608	\$ -
* Federal Work Study Program	84.033		839,362	-
* Federal Pell Grant Program	84.063		9,000,950	-
* Federal Perkins Loan Program	84.038		10,485,686	-
* Federal Direct Student Loan Program	84.268		58,385,787	-
<b>U.S. Department of Health and Human Services</b>				
* Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		20,352	-
* Nursing Student Loans	93.364		310,553	-
Total Student Financial Aid			79,578,298	-
<b>OTHER PROGRAMS</b>				
<b>U.S. Department of Agriculture</b>				
** Grants for Agricultural Research Competitive Research Grants	10.206		108,180	-
National School Lunch Program (Passed through Illinois State Board of Education)	10.555		18,965	-
Child and Adult Care Food Program (Passed through Illinois State Board of Education)	10.558		4,138	-
Total U.S. Department of Agriculture			131,283	-
<b>U.S. Department of Commerce</b>				
** Economic Adjustment Assistance (Passed through Illinois Manufacturing Extension Center)	11.307		10,967	-
** Manufacturing Extension Partnership (Passed through Illinois Manufacturing Extension Center)	11.611		27,614	-
Total U.S. Department of Commerce			38,581	-
<b>U.S. Department of Defense</b>				
** Military Medical Research and Development	12.420		354,900	86,413
<b>U.S. Department of Housing and Urban Development</b>				
College Housing Debt Service Grant Program	14		160,640	-
<b>U.S. Department of the Interior</b>				
** National Cooperative Geologic Mapping Program	15.810		4,287	-
<b>U.S. Department of Justice</b>				
Sex Offender Management Discretionary Grant (Passed through Office of the Illinois Attorney General)	16.203	2002-WP-BX-0001	30,839	-
** National Institute of Justice Research, Evaluation and Development Project Grants (Passed through Case Western Reserve University)	16.560	USDOJ 2003-RP-BX-1001	88,309	-
Total for U.S. Department of Justice			119,148	-
<b>U.S. Department of Labor</b>				
<b>WIA CLUSTER</b>				
* WIA Adult Program (Passed through Illinois Community College Board)	17.258		120,000	29,461
* WIA Dislocated Workers (Passed through the Illinois Department of Commerce and Economic Opportunity)	17.260	02-11101	37,848	-
* WIA Dislocated Workers	17.260		1,597,561	1,092,506
Total for U.S. Department of Labor			1,755,409	1,121,967
<b>National Foundation of the Arts and Humanities</b>				
Promotion of the Humanities - Division of Preservation & Access	45.149		3,500	-
Promotion of the Humanities - Professional Development	45.163		117,681	-
State Library Program (Passed through Illinois State Library)	45.310	05-0804-4007,0304-5194	12,956	-
Total National Foundation of the Arts and Humanities			134,137	-
<b>National Science Foundation</b>				
** Mathematical and Physical Sciences	47.049		273,025	-
Mathematical and Physical Sciences (Passed through American Physical Society)	47.049		922	-
			273,947	-

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>OTHER PROGRAMS (CONTINUED)</b>				
<b>National Science Foundation (Continued)</b>				
Computer & Information Science & Engineering	47.070		110	-
** Biological Sciences	47.074		1,207,534	163,396
** Biological Sciences (Passed through Iowa State University)	47.074	420-40-04	51,641	-
			<u>1,259,175</u>	<u>163,396</u>
** Social, Behavioral, and Economic Sciences Education	47.075		1,187	-
* Education and Human Resources	47.076		951,545	65,537
** Education and Human Resources	47.076		3,208	-
** Education and Human Resources (passed through Chicago State University)	47.076	HRD-0000341,53228, 53175	28,110	-
* Education and Human Resources (passed through University of Missouri)	47.076	ESI-9714999/ISU & CG004954	46,713	-
** Education and Human Resources (passed through Utah State University)	47.076	041447001	104,998	-
			<u>1,134,574</u>	<u>65,537</u>
Total National Science Foundation			<u>2,668,993</u>	<u>228,933</u>
<b>U.S. Small Business Administration</b>				
Small Business Development Center (passed through Illinois Department of Commerce and Economic Opportunity)	59.037	05-18106, 04-56106	24,489	-
<b>Environmental Protection Agency</b>				
State Indoor Radon Grants (Passed through Illinois State Emergency Management Agency)	66.032	1289ISURADIEMA-05-000106	34,502	-
** Water Quality Cooperative Agreements (Passed through Illinois Department of Public Health)	66.463	45300567	100,852	67,400
Total for Environmental Protection Agency			<u>135,354</u>	<u>67,400</u>
<b>U.S. Department of Energy</b>				
** Fossil Energy Research and Development (Passed through University of Illinois)	81.089	04-271, A6766	12,718	-
<b>U.S. Department of Education</b>				
** Adult Education - State Grant Program (Passed through Illinois Community College Board)	84.002	AEL04004	86	-
Adult Education - State Grant Program (Passed through Illinois Community College Board)	84.002	AEL5004	313,940	-
			<u>314,026</u>	-
TRIO- Student Support Services	84.042		234,712	-
Vocational Education - Basic Grants to States (Passed through Illinois Community College Board)	84.048	CTEL04001, 4002, & 5006	215,799	-
** Vocational Education - Basic Grants to States (Passed through Illinois State Board of Education)	84.048	4720	524	-
Vocational Education - Basic Grants to States (Passed through Illinois State Board of Education)	84.048	4720	180,000	-
			<u>396,323</u>	-
* Fund for Improvement of Postsecondary Education	84.116		451,025	26,136
* Fund for Improvement of Postsecondary Education (Passed through Emporia State University)	84.116	426-01	5,879	-
			<u>456,904</u>	<u>26,136</u>
Safe and Drug-Free Schools and Communities - State Grants Programs (Passed through Illinois State Board of Education)	84.186	4400	33	-
** Safe and Drug-Free Schools and Communities - State Grants Programs (Passed through Illinois State Board of Education)	84.186	4400	2,351	-
			<u>2,384</u>	-

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>OTHER PROGRAMS (CONTINUED)</b>				
<b>U.S. Department of Education (Continued)</b>				
Teachers and Personnel Grants	84.195		455,328	-
Fund for the Improvement of Education	84.215		176,285	-
** State Grants for Innovative Programs (Passed through Illinois State Board of Education)	84.298	4100	3,363	-
Civic Education-Cooperative Education Exchange Program (Passed through The Sage Colleges)	84.304	ISU	4,036	-
Special Education-State Personnel Development	84.323	ICODA	30,430	-
Research in Special Education	84.324		163,960	52,585
Teacher Quality Enhancement Grants	84.336		1,051,223	801,734
* Transition to Teaching	84.350		328,078	-
* Improving Teacher Quality State Grants (passed through Illinois Board of Higher Education)	84.367	04F983490004, 0007, 0017, & 05F983NCLB04,011,015	354,896	38,919
* Improving Teacher Quality State Grants (passed through Illinois State Board of Education)	84.367	4932,4935-00, 4935-01	940,902	-
** Improving Teacher Quality State Grants (passed through Illinois State Board of Education)	84.367	4932	11,741	-
			<u>1,307,539</u>	<u>38,919</u>
National Writing Project	84.928	92-IL03	34,400	-
Civic Education	84.929	R929A030001,Q929A030001	126,971	-
Total U.S. Department of Education			<u>5,085,962</u>	<u>919,374</u>
<b>U.S. Department of Health and Human Services</b>				
** Applied Toxicological Research & Testing	93.114		41,340	-
** Mental Health Research Grants	93.242		192,142	-
** Substance Abuse and Mental Health Services - Projects for Regional and National Significance (Passed through Chestnut Health Systems)	93.243	03GF0033 1345, 03GF0032 1346	2,056	-
** Drug Abuse Research Programs	93.279		60,684	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283		87,510	53,251
** Centers for Disease Control & Prevention - Investigations & Technical Assistance (Passed through the Illinois Department of Public Health)	93.283	43280029,57081010	39,915	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance (Passed through the Illinois Department of Public Health)	93.283	53286007	12,402	-
			<u>139,827</u>	<u>53,251</u>
Minority Health and Health Disparities Research (Passed through University of Illinois)	93.307	1P20MD00524-01	33,399	-
Advanced Education Nursing Traineeships	93.358		27,938	-
** Nursing Research (Passed through University of Iowa)	93.361	21503866	2,500	-
** Academic Research Enhancement Award	93.390		105,153	-
State Court Improvement Program (Passed through Administrative Office of the Illinois Courts)	93.586	CIP-G-0204, 0211	1,215	-
** Community-Based Child Abuse Prevention Grants (Passed through Illinois Department of Child and Family Services)	93.590	0815799024,0815799015	117,205	-
Child Welfare Services Training Grants	93.648		106,981	-
Child Welfare Services Training Grants (Passed through University of Iowa)	93.648	1 27515 00	14,859	-
			<u>121,840</u>	<u>-</u>
** Diabetes, Endocrinology and Metabolism Research	93.847		35,689	-
** Kidney Diseases, Urology and Hematology Research (Passed through University of Missouri)	93.849	R01 DK37512-17	21,188	-
** Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		55,787	-

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Pass-Through Grantor's Number	Expenditures	Passed- Through to Subrecipients
<b>OTHER PROGRAMS (CONTINUED)</b>				
<b>U.S. Department of Health and Human Services (Continued)</b>				
** Microbiology and Infectious Diseases Research	93.856		312,225	26,835
** Microbiology and Infectious Diseases Research (Passed through University of Florida)	93.856	S99006,UF-IFAS-04022551	11,364	-
Total 93.856			323,589	26,835
** Biomedical Research and Research Training	93.859		91,237	-
** Biomedical Research and Research Training	93.859		37,217	-
** Biomedical Research and Research Training (Passed through New Mexico State University)	93.859	R457962	25,000	-
			153,454	-
** National Institute of Child Health and Human Development Extramural Research	93.865		(629)	-
** Aging Research	93.866		53,301	-
** Medical Library Assistance (Passed through National Library of Medicine)	93.879	1G13LM008353-01	65,287	-
Grants to States for Operation of Offices of Rural Health (Passed through Illinois Department of Public Health)	93.913	22580312, 32580207, 39580206	10	-
** Grants to States for Operation of Offices of Rural Health (Passed through Illinois Department of Public Health)	93.913	32580207	9	-
			19	-
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems (Passed through Illinois State Board of Ed)	93.938	MY04432	44,873	-
** Agricultural Health and Safety Programs (Passed through Ohio State University)	93.956	RF No 746096	56,105	-
Science Education Partnership Award (Passed through Vanderbilt University)	93.960	2 R25 GM60190-02	3,824	-
** Maternal and Child Health Services Block Grant to the States (Passed through Illinois Department of Human Services)	93.994	11G5571000	5,730	-
Total U.S. Department of Health and Human Services			1,663,516	80,086
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 91,867,715</b>	<b>\$ 2,504,173</b>

\* - Major Program

\*\* - Research and Development Cluster

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2005**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity for the year ended June 30, 2005, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements due to specific reporting requirements prescribed by OMB Circular A-133.

**NOTE 2 - LOANS OUTSTANDING**

The University had the following loan balances outstanding at June 30, 2005. These loan balances outstanding are also included in the federal expenditures presented in this schedule.

	<b>Outstanding Balance at June 30, 2005</b>
Nursing Student Loans	\$ 310,553
Perkins Loan Program	<u>10,485,686</u>
<b>Total loans outstanding</b>	<b><u>\$ 10,796,239</u></b>

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

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

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

Direct Student Loans Program	\$ 47,451,141
Direct Parent Loan for Undergraduate Students Program (PLUS)	<u>10,934,646</u>
<b>Total</b>	<b><u>\$ 58,385,787</u></b>

There were no administrative costs charged to the loan program.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
APPROPRIATIONS FOR FISCAL YEAR 2005  
FOURTEEN MONTHS ENDED AUGUST 31, 2005**

	Appropriations (net after transfers)	Expenditures through June 30, 2005	Lapse Period Expenditures 7/1 - 8/31/05	Total Expenditures	Balances Lapsed
General Revenue Fund-001(P.A. 93-0842)					
Personal services	\$ 71,652,000	\$ 70,864,963	\$ 787,037	\$ 71,652,000	\$ -
Group insurance	3,078,300	3,078,300	-	3,078,300	-
Contractual services	1,921,700	1,921,700	-	1,921,700	-
Commodities	300,000	300,000	-	300,000	-
Equipment	2,000,000	2,000,000	-	2,000,000	-
Telecommunications services	500,000	500,000	-	500,000	-
Permanent improvements	1,000,000	1,000,000	-	1,000,000	-
<b>TOTAL APPROPRIATED FUNDS</b>	<b><u>\$ 80,452,000</u></b>	<b><u>\$ 79,664,963</u></b>	<b><u>\$ 787,037</u></b>	<b><u>\$ 80,452,000</u></b>	<b><u>\$ -</u></b>

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
For the Year Ended June 30, 2005**

	Fiscal Year	
	2005	2004
<b>General Revenue Fund - 001:</b>	P.A. 93-0842	P.A. 93-HB3731
Appropriations (Net after transfers)	\$ 80,452,000	\$ 80,451,950
Expenditures:		
Ordinary and contingent expense	-	78,904,476
Personal services	71,652,000	-
Group insurance	3,078,300	-
Contractual services	1,921,700	-
Commodities	300,000	-
Equipment	2,000,000	-
Telecommunications services	500,000	-
Permanent improvements	1,000,000	-
Total Expenditures	<u>80,452,000</u>	<u>78,904,476</u>
Lapsed Balances	<u>-</u>	<u>1,547,474</u>
<b>State College and University Trust Fund - 417</b>		
Appropriations (Net after transfers)	-	30,000
Expenditures:		
Student financial assistance	-	-
Total Expenditures	<u>-</u>	<u>-</u>
Lapsed Balances	<u>-</u>	<u>30,000</u>
<b>GRAND TOTAL ALL FUNDS</b>		
Appropriations (Net after transfers)	80,452,000	80,481,950
Expenditures	80,452,000	78,904,476
Lapsed Balances	<u>\$ -</u>	<u>\$ 1,577,474</u>

Note: In FY04, the University received a lump-sum appropriation for the General Revenue Fund from the State of Illinois to be spent at the discretion of the University. During FY05, the State began appropriating funds by specific line item.

Note: During FY04, the State rescinded \$1,547,474 of this appropriation which is included in lapsed balance.

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES -  
UNIVERSITY INCOME FUND  
Years Ended June 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<b>REVENUES</b>		
Registration fees	\$ 68,700,894	\$ 61,225,160
Registration - extension	316,262	271,167
Enrollment deposit fee forfeitures	18,702	16,081
Tuition and fees waived	3,084,600	2,752,500
Library fines	25,823	29,861
Investment income	270,270	108,199
Net increase (decrease) in fair market value of investments	30,728	(22,064)
Payments on behalf of University	882,152	838,283
Gifts and donations	1,611,758	32,252
Other	150,417	71,952
	<u>\$ 75,091,606</u>	<u>\$ 65,323,391</u>
 <b>EXPENSES</b>		
Personal services	\$ 36,665,388	\$ 24,573,188
Medicare	1,286,722	1,227,009
Contractual services	14,869,037	20,184,797
Travel	931,562	941,954
Commodities	2,451,319	2,561,476
Equipment and library books	4,390,274	6,686,635
Operation of automotive equipment	324,990	291,894
Telecommunications services	793,542	1,219,401
Tuition and fees waived	3,084,600	2,752,500
Awards, grants, and matching funds	2,297,366	1,362,675
Permanent improvements	458,272	2,124,214
	<u>67,553,072</u>	<u>63,925,743</u>
Subtotal		
GASB #35 adjustments:		
Depreciation	8,481,683	7,354,906
Equipment additions/disposals	(3,031,327)	(5,314,847)
Capital lease interest	8,099	11,710
	<u>\$ 73,011,527</u>	<u>\$ 65,977,512</u>

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

Note 2: Certain 2004 amounts have been reclassified to conform with the 2005 presentation. See Note 21 to the Financial Statements.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF CHANGES IN STATE PROPERTY  
For the Year Ended June 30, 2005**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$ 13,667,937	\$ 564,748	\$ 151,927	\$ 14,080,758
Land improvements	16,374,953	359,517	-	16,734,470
Infrastructure	12,682,559	-	-	12,682,559
Buildings	297,309,004	39,376,989	647,335	336,038,658
Equipment	52,621,493	7,979,538	1,333,023	59,268,008
Library materials	54,531,715	3,020,661	-	57,552,376
Construction in progress	<u>29,054,155</u>	<u>18,136,036</u>	<u>36,498,939</u>	<u>10,691,252</u>
Subtotal	<u>476,241,816</u>	<u>\$ 69,437,489</u>	<u>\$ 38,631,224</u>	<u>507,048,081</u>
Less accumulated depreciation for:				
Land improvements	6,481,555	\$ 366,742	\$ -	6,848,297
Infrastructure	4,141,690	293,828	-	4,435,518
Buildings	146,063,357	6,707,074	234,514	152,535,917
Equipment	41,321,692	4,287,560	1,225,533	44,383,719
Library materials	<u>41,876,834</u>	<u>1,897,918</u>	<u>-</u>	<u>43,774,752</u>
Total accumulated depreciation	<u>239,885,128</u>	<u>\$ 13,553,122</u>	<u>\$ 1,460,047</u>	<u>251,978,203</u>
<b>Capital assets, net</b>	<u>\$ 236,356,688</u>			<u>\$ 255,069,878</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF CASH AND  
CASH EQUIVALENTS  
June 30, 2005 AND 2004**

Significant details of cash and cash equivalents as of June 30, 2005 and 2004 are presented below for all funds of the University:

	<u>2005</u>		<u>2004</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
<b>CASH ON HAND - VAULT AND CHANGE FUNDS</b>	\$ 233,933	0%	\$ 198,383	0%
<b>BANK MONEY MARKET FUNDS</b>				
National City Bank	7,501,384	2.788%	2,959,435	0.7505%
Illinois Funds @ U.S. Bank	24,860,226	2.882%	18,992,999	0.948%
JP Morgan	<u>1,085,142</u>	2.980%	<u>34,870</u>	1.000%
Total bank money market funds	<u>33,446,752</u>		<u>21,987,304</u>	
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 33,680,685</u>		<u>\$ 22,185,687</u>	
 Cash and cash equivalent balances are presented in the balance sheets at June 30, 2005 and 2004 as follows:				
Current	\$ 33,680,685		\$ 22,185,687	
Noncurrent	<u>-</u>		<u>-</u>	
<b>TOTAL CASH AND CASH EQUIVALENT BALANCES</b>	<u>\$ 33,680,685</u>		<u>\$ 22,185,687</u>	

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF INVESTMENTS  
June 30, 2005 AND 2004

	2005		2004	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
U.S. Treasury and agency obligations:				
Agency notes	<u>\$ 44,884,365</u>	1.423 - 4.103%	<u>\$ 55,145,726</u>	1.129 - 2.800%
<b>TOTAL INVESTMENTS</b>	<u>\$ 44,884,365</u>		<u>\$ 55,145,726</u>	

Investments are presented in the balance sheets at June 30, 2005 and 2004 as follows:

Current	\$ 22,878,642	\$ 17,894,069
Noncurrent:		
Investments	22,005,723	29,560,736
Restricted investments	<u>-</u>	<u>7,690,921</u>
<b>TOTAL INVESTMENTS</b>	<u>\$ 44,884,365</u>	<u>\$ 55,145,726</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN CERTAIN REVENUE AND EXPENSE ACCOUNTS  
Year Ended June 30, 2005**

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

	<u>Fiscal Year</u>		<u>Increase (Decrease)</u>	<u>% of Change</u>	<u>Notes</u>
	<u>2005</u>	<u>2004</u>			
Operating revenues:					
Student tuition and fees, net	\$ 88,419,957	\$ 79,445,827	\$ 8,974,130	11.30%	1
Federal grants and contracts	20,797,007	18,851,419	1,945,588	10.32%	2
State and local grants and contracts	2,404,703	4,092,027	(1,687,324)	-41.23%	3
Operating expenses:					
Public service	12,057,416	10,497,927	1,559,489	14.86%	4
Operation and maintenance of plant	20,414,726	18,334,823	2,079,903	11.34%	5
Payments on behalf of the University	42,893,414	102,777,101	(59,883,687)	-58.27%	6
Nonoperating revenues (expenses):					
Payments on behalf of the University	42,893,414	102,777,101	(59,883,687)	-58.27%	6
Investment Income	1,932,457	556,012	1,376,445	247.56%	7
Capital appropriations	11,829,104	14,782,721	(2,953,617)	-19.98%	8

**Notes**

- 1 Student tuition and fees increased by \$8,974,130. This increase can be attributed to a 16% tuition increase for students enrolling in FY05. Additionally, fees collected for health insurance increased by \$612,060.
- 2 The University received a \$1,945,588 increase in funding in Federal grants and contracts. The majority of this funding increase comes from a Retraining America's Workplace Grant.
- 3 State and local grants decreased by \$1,687,324. In FY04, grants were received for the Center for Adult Learning, the NBPTS Project, and the Center for Adoption Studies. However, similar funding was not received in FY05.
- 4 Public service expenses increased by \$1,559,489. The increase was due to expenditures totaling \$1,538,471, relating to the Retraining America's Workplace Grant.
- 5 Operation and maintenance of plant expenditures increased by \$2,079,903. Costs associated with utilities increased by \$980,042; capital project expenses by \$573,737; and equipment expenditures by \$413,174.
- 6 Payments on behalf of the University decreased by \$59,883,687. The decrease was due to a decrease in funding by the State of Illinois to State Universities Retirement System.
- 7 Investment income increased by \$1,376,445. The increase can be attributed to two major contributing factors. First, there was an interest rate increase of approximately 52% during the year. Interest rates for FY05 averaged 2.02% in comparison to the average of 1.33% for FY04. Secondly, there was a gain on FMV of investments of \$80,338, for FY05, where as FY04 statements reflected a loss of \$434,062.
- 8 Capital appropriations decreased by \$2,953,617. Payments for the College of Business Building construction decreased in FY05 since the building was substantially completed in FY04. Offsetting this were increases for the rehabilitation of Schroeder Hall and for mechanical improvements in Felmley Hall.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING  
Year Ended June 30, 2005**

No significant lapse period spending was noted for the year ended June 30, 2005.

**STATE OF ILLINOIS**  
**ILLINOIS STATE UNIVERSITY**  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN CERTAIN ASSET AND LIABILITY ACCOUNTS**  
**Year Ended June 30, 2005**

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

	<u>Fiscal Year</u>		<u>Increase (Decrease)</u>	<u>% of Change</u>	<u>Notes</u>
	<u>2005</u>	<u>2004</u>			
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 33,680,685	\$ 22,185,687	\$ 11,494,998	51.81%	1
Investments	22,878,642	17,894,069	4,984,573	27.86%	2
Appropriations receivable from State	12,063,362	4,306,104	7,757,258	180.15%	3
Noncurrent assets:					
Investments	22,005,723	29,560,736	(7,555,013)	-25.56%	4
<b>LIABILITIES</b>					
Current liabilities:					
Assets held in custody for others and deposits	7,820,294	6,417,061	1,403,233	21.87%	5

**Notes**

- 1 Cash and cash equivalents increased by \$11,494,998. This increase is due to a change in the mix of investments and cash held by the University during 2005. Additionally, there were additional cash balances due to the University's commitment to set aside funds for the University's long range plan to enhance and remodel residence halls and dining centers.
- 2 Short-term investments increased by \$4,984,573. In addition to the change in the mix of investments and cash held by the University, more funds were available for investment as a result of the University's long range plan.
- 3 Appropriations receivable from the State increased by \$7,757,258. The University experienced delays of about 30 days in State reimbursements for payroll.
- 4 Long-term investments decreased by \$7,555,013. This decrease is due to the change in the investment and cash mix.
- 5 Assets held in custody for others and deposits increased by \$1,403,233. One factor contributing to the increase was an increase in room deposits of \$803,140. Additionally, there was an increase of \$315,817 in the funds held for employees participating in the 9/12 pay plan. Lastly, the University was holding funds for the Schroeder Rehabilitation project in the amount of \$206,132. There were no coinciding funds in FY04.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF RECEIVABLES AND  
AGED ANALYSIS OF RECEIVABLES  
June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>
<b>ACCOUNTS RECEIVABLE</b>			
Current funds:			
Local funds (less allowance for doubtful accounts of \$1,063,656 and \$1,002,547 at June 30, 2005 and 2004, respectively)	\$ 4,446,968	\$ 2,742,469	\$ 1,704,499
Auxiliary facilities system (less allowance for doubtful accounts of \$742,600 and \$791,086 at June 30, 2005 and 2004, respectively)	1,787,787	1,707,835	79,952
Restricted funds	1,789,856	2,508,661	(718,805)
Payroll and clearing accounts	<u>76,693</u>	<u>55,721</u>	<u>20,972</u>
Total current funds	8,101,304	7,014,686	1,086,618
Agency funds	501,554	1,088,591	(587,037)
Loan funds	<u>15,419</u>	<u>1,935</u>	<u>13,484</u>
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<u>\$ 8,618,277</u>	<u>\$ 8,105,212</u>	<u>\$ 513,065</u>
<b>NOTES RECEIVABLE</b>			
Loan funds:			
Student loans receivable (less allowance for doubtful loans of \$911,774 and \$900,784 at June 30, 2005 and 2004, respectively)	<u>\$ 9,928,113</u>	<u>\$ 9,827,512</u>	<u>\$ 100,601</u>

**AGED ANALYSIS OF ACCOUNT RECEIVABLE  
AND UNCOLLECTIBLE ACCOUNTS**

The University did not have an aged analysis of accounts receivable; however, accounts receivable other than tuition, room and board, and fees receivable are generally less than 180 days old and considered to be collectible. An allowance for doubtful accounts of \$884,693 and \$832,420 at June 30, 2005 and 2004, respectively, has been established for tuition receivable deemed uncollectible. An allowance for doubtful accounts of \$521,474 and \$568,662 at June 30, 2005 and 2004, respectively, has been established for room and board receivable deemed uncollectible. An additional allowance for doubtful accounts of \$400,089 and \$392,551 at June 30, 2005 and 2004, respectively, has been established for fees receivable deemed uncollectible.

Notes receivable are presented in the balance sheets at June 30, 2005 and 2004 as follows:

	<u>2005</u>	<u>2004</u>
Current	\$ 1,722,235	\$ 1,848,475
Noncurrent	<u>8,205,878</u>	<u>7,979,037</u>
	<u>\$ 9,928,113</u>	<u>\$ 9,827,512</u>

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**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
AGENCY FUNCTIONS AND PLANNING PROGRAM**

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

The basic purpose and function of academic programming at Illinois State University is stated in the *Mission Statements* portion of the University's *Academic Plan*, which is updated and submitted annually to the Illinois Board of Higher Education. The *Mission Statements* include: (1) the *Illinois State University Board of Trustees Vision Statement for the Year 2007*, (2) *University Mission Statement*, and (3) *College Mission Statements*.

The *Academic Plan* submitted during our audit period is for fiscal years 2005-2010 and can be found at [http://www.provost.ilstu.edu/academic\\_plan/academicplan2005\\_2010.pdf](http://www.provost.ilstu.edu/academic_plan/academicplan2005_2010.pdf). It includes: (1) an identification of institutional priorities; (2) the University's strategic plan, *Educating Illinois: An Action Plan for Distinctiveness and Excellence at Illinois State University 2003-2010*; and (3) specific curricular initiatives set forth by those responsible for academic planning within the University.

The *Academic Plan* also includes academic unit (college) objectives for fiscal year 2005 and program reviews for the departments in the University being reviewed in the most recent review cycle. Program reviews contain recommendations for enhancing the programs being examined as well as plans for monitoring progress toward the fulfillment of these recommendations. During fiscal year 2005, program reviews were completed on the following programs: Agribusiness, Agriculture, Family and Consumer Sciences, Industrial Technology, Technology, Technology Education, Philosophy, Psychology, Accountancy, Business Administration, Finance, Insurance, International Business, Management, and Marketing.

Compilation of the University's *Academic Plan* is coordinated through the Office of the Associate Provost, whose functions also ensure cohesion between the *Academic Plan* and the University's strategic plan: *Educating Illinois: An Action Plan for Distinctiveness and Excellence at Illinois State University 2003-2010*.

- *Educating Illinois* is the University's multi-year strategic plan. It has articulated five core values (individualized attention, public opportunity, active pursuit of learning and scholarship, diversity, and innovation) that support 7 goals and 16 corresponding action items addressed by the campus community. University progress is summarized on the Institutional Report Card section of the *Educating Illinois* Website, [www.illinoisstate.edu/educatingillinois](http://www.illinoisstate.edu/educatingillinois).

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

- *Resource Allocation and Management Program (RAMP) for Operations and Grants Resource Requirements* is a five-year plan that includes a comparison to the preceding two fiscal years. Among the data included are a summary of operations costs by function and source of funds, summary of staff requirements and earnings, projected enrollments, and tuition and fees. Detailed information by various departments and programs is included.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
AGENCY FUNCTIONS AND PLANNING PROGRAM**

- *Resource Allocation and Management Program (RAMP) Capital Requirements Plan* is also a five-year planning program that includes a summary of capital requirements by budget category. These requirements are detailed as to building or components of buildings as well as other capital projects planned for the University.
- *The Master Plan: Achieving Distinctiveness and Excellence in Form, Function and Design at Illinois State University 2000-2020* defines the future physical development of facilities, grounds, technology, and infrastructure. This plan is the basis for those recommendations in *Resource Allocation and Management Program (RAMP) Capital Requirements Plan*.
- Additionally, the Facilities Condition Assessment provides quantitative information on the condition of physical structures and current and projected maintenance needs. Results from this are used to inform the Master Plan and Capital RAMP.

Auditor's Assessment of Planning Program

The University's planning program appears adequate for both the financial and nonfinancial aspects of its operations.

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

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STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT)  
Years Ended June 30, 2005 and 2004

(Unaudited)\*

	<u>Instructional Activities</u>	<u>Organized Research</u>	<u>Public Service</u>
<b>YEAR ENDED JUNE 30, 2005</b>			
Appropriated funds:			
Faculty/administrative	1,097.70	26.90	38.70
Civil service	206.00	3.30	8.30
Student employees	85.00	1.30	.50
Miscellaneous contracts	<u>31.30</u>	<u>18.20</u>	<u>.50</u>
	<u>1,420.00</u>	<u>49.70</u>	<u>48.00</u>
Nonappropriated funds:			
Faculty/administrative	61.90	141.80	58.50
Civil service	20.30	33.20	14.50
Student employees	<u>21.00</u>	<u>20.60</u>	<u>10.50</u>
	<u>103.20</u>	<u>195.60</u>	<u>83.50</u>
<b>TOTAL ALL FUNDS</b>	<u><u>1,523.20</u></u>	<u><u>245.30</u></u>	<u><u>131.50</u></u>
<b>YEAR ENDED JUNE 30, 2004</b>			
Appropriated funds:			
Faculty/administrative	1,077.60	31.10	43.20
Civil service	209.50	4.10	7.30
Student employees	85.00	1.90	.50
Miscellaneous contracts	<u>30.40</u>	<u>17.80</u>	<u>.50</u>
	<u>1,402.50</u>	<u>54.90</u>	<u>51.50</u>
Nonappropriated funds:			
Faculty/administrative	92.40	153.10	57.50
Civil service	24.40	43.10	18.00
Student employees	<u>20.00</u>	<u>17.70</u>	<u>9.90</u>
	<u>136.80</u>	<u>213.90</u>	<u>85.40</u>
<b>TOTAL ALL FUNDS</b>	<u><u>1,539.30</u></u>	<u><u>268.80</u></u>	<u><u>136.90</u></u>

\* Provided by the Office of Budget and Planning.

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

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

<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Operation and Maintenance Physical Plant</u>	<u>Independent Operations</u>	<u>Total All Functions</u>
35.90	47.30	66.80	5.00	-	1,318.30
85.20	28.90	118.90	159.50	-	610.10
15.10	7.40	20.10	6.70	-	136.10
2.90	4.70	12.90	70.70	-	141.20
<u>139.10</u>	<u>88.30</u>	<u>218.70</u>	<u>241.90</u>	<u>-</u>	<u>2,205.70</u>
1.10	107.70	5.40	1.40	34.90	412.70
-	67.60	29.40	174.20	176.40	515.60
5.90	53.80	1.90	19.70	242.90	376.30
<u>7.00</u>	<u>229.10</u>	<u>36.70</u>	<u>195.30</u>	<u>454.20</u>	<u>1,304.60</u>
<u>146.10</u>	<u>317.40</u>	<u>255.40</u>	<u>437.20</u>	<u>454.20</u>	<u>3,510.30</u>
37.50	48.40	58.30	5.20	-	1,301.30
92.40	29.40	117.50	165.20	-	625.40
18.40	8.40	18.80	7.60	-	140.60
2.80	4.60	12.50	68.70	-	137.30
<u>151.10</u>	<u>90.80</u>	<u>207.10</u>	<u>246.70</u>	<u>-</u>	<u>2,204.60</u>
.20	102.60	5.20	1.40	37.60	450.00
-	70.50	27.70	173.20	190.70	547.60
7.20	48.80	3.10	18.00	249.90	374.60
<u>7.40</u>	<u>221.90</u>	<u>36.00</u>	<u>192.60</u>	<u>478.20</u>	<u>1,372.20</u>
<u>158.50</u>	<u>312.70</u>	<u>243.10</u>	<u>439.30</u>	<u>478.20</u>	<u>3,576.80</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANNUAL COST STATISTICS  
June 30, 2005 and 2004**

(Unaudited)

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

	<u>2005</u>	<u>2004</u>
Total education and general expenses/expenditures from current appropriated funds	\$ 80,694,214*	\$ 79,207,515*
Expenses/expenditures from locally held University Income Fund	<u>67,553,072</u>	<u>63,925,743</u>
	148,247,286	143,133,258
Full-time equivalent students	÷ <u>18,465</u>	÷ <u>18,570</u>
 <b>COST PER FULL-TIME EQUIVALENT STUDENT</b>	 <u>\$ 8,029</u>	 <u>\$ 7,708</u>

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

Note – the 2004 Income Fund expenditures have been reclassified to conform with the 2005 presentation. See Note 21 to the financial statements.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMERGENCY PURCHASES  
For the Years Ended June 30, 2005 and 2004**

In Fiscal Year 2005, the University had an emergency purchase of cattle for research at the University farm in the amount of \$61,425. In Fiscal Year 2004, the University had an \$53,290 emergency purchase for the temporary rental of water chillers for the air conditioning systems of the new College of Business Building and other existing buildings.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2005**

(Unaudited)

**Agency:** Illinois State University (636)                      **Major Function:** Higher Education  
**Fund(s):** General Revenue (001)

**Input Indicators:**

Total Appropriation and Income Fund Budget as Approved by IBHE	<u>\$147,037,000</u>
Faculty FTE - Fall 2004	<u>925.2</u>
Lab School FTE - Fall 2004	<u>105.8</u>
Admin/Professional FTE - Fall 2004	<u>592.1</u>
Civil Service FTE - Fall 2004	<u>1,350.5</u>
Fall 2004 Enrollment	<u>20,419</u>
Undergraduate Direct Instruction Costs	<u>\$ 32,548,258*</u>
Graduate Direct Instruction Costs	<u>\$ 5,152,300*</u>

\*FY05 Data

**Output Indicators:**  
(Major goals and objectives)

1. Higher education will help Illinois business and industry sustain strong economic growth.
2. Higher education will join elementary and secondary education to improve teaching and learning at all levels.
3. No Illinois citizen will be denied an opportunity for a college education because of financial need.
4. Illinois will increase the number and diversity of citizens completing training and education programs.
5. Illinois colleges and universities will be accountable for providing high quality academic programs and systematic assessment of student learning outcomes while holding students to even higher expectations for learning and growth.
6. Illinois colleges and universities will continually improve productivity, cost-effectiveness, and accountability.
7. Degrees awarded 5,054
8. Undergraduate credit hours 499,088
9. Graduate credit hours 41,892

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2005**

(Unaudited)

**Outcome Indicators:**

Illinois State University's *Fiscal Year 2005 Performance Report* and *Fiscal Year 2005 Educating Illinois Status Report* summarize institutional contributions to the six policy priorities outlined in *The Illinois Commitment*, which was endorsed by the Illinois Board of Higher Education in 2004. All Illinois State University actions are derived from the *Illinois State University Mission Statement* and priorities identified in the University's strategic plan, *Educating Illinois: An Action Plan for Distinctiveness and Excellence 2003-2010*. The following actions are among Illinois State University's contributions to successful implementation of *Illinois Commitment* policy priorities during Fiscal Year 2005.

**Policy Area 1: Higher education will help Illinois sustain strong economic growth through its teaching, service, and research activities.**

Ninety-three percent of undergraduate degree/certificate recipients are either employed or enrolled in further education within one year of graduation; the Statistical Consulting Center opened in fall 2004 to support interdisciplinary collaboration among University research efforts and to provide a mechanism for faculty to share statistical expertise, software, and reference materials; and the value of external awards increased.

**Policy Area 2: Higher education will join elementary and secondary education to improve teaching and learning at all levels.**

The University is among the top producers of teachers in the nation; a \$903,000 National Science Foundation grant to enhance technology and engineering education in universities and elementary and secondary schools; one of five national centers established by the National Board for Professional Teaching Standards (NBPTS) – 412 Illinois teachers assisted through the Center; \$1.7 million federal grant to deliver an alternative route for elementary certification of bilingual paraprofessionals; partnered with State Farm, Chicago Public Schools, and the Local Initiative Support Corporation to establish in the Little Village area of Chicago a new national model for university-school-community partnerships; and a Kellogg Foundation grant to work with the Wheeling community to increase the capacity of the community to constructively address educational issues by developing networks of diverse leaders from educational institutions and the local community.

**Policy Area 3: No Illinois resident will be denied an opportunity for a college education because of financial need.**

Adopted policies to guide price setting, revenue generation, affordability, and use of funds decision-making, including one that directs the University to devote a portion of new tuition and fee revenue to assist university students who are eligible for maximum Monetary Award Program (MAP) grants from the Illinois Student Assistance Commission, but whose grants fall short of the University's tuition and fee charges; allocated \$1.0 million – up from \$250,000 in Fiscal Year 2004 – to supplement MAP grants for financially needy students; and the University remained in *U.S. News and World Report's* top 15 percent of colleges and universities nationally with regards to undergraduate students graduating with the least amount of debt.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2005**

(Unaudited)

**Policy Area 4: Illinois will increase the number and diversity of residents completing training and education programs.**

The total number of minority students increased from 2,085 in fall 2002 to 2,209 in fall 2004 – an increase of 5.9 percent; minority students comprised 11.1 percent of total undergraduate enrollment in fall 2004 (up from 10.1 percent in fall 2002) and 8.9 percent of graduate enrollment in fall 2004 (up from 8.7 percent in fall 2002); a new program – the Minority Academic Scholar Achievement Initiative (MASAI) – of peer mentoring for first-year students piloted; 59 percent of first-time freshmen in fall 1997 completed an undergraduate degree in six years or less, compared to 56 percent of those who were first-time freshmen in fall 1995; and the overall retention rate increased annually for the fall 2001, fall 2002, and fall 2003 cohorts.

**Policy Area 5: Illinois colleges and universities will be accountable for providing high quality academic programs and systematic assessment of student learning outcomes while holding students to even higher expectations for learning and growth.**

Student performance exceeded national pass-rates on licensure examinations in nursing in 2002, 2003, and 2004; students exceeded or met national benchmarks in several other fields of study with professional/occupational licensure examinations (e.g., Therapeutic Recreation, Athletic Training, Clinical Laboratory Sciences, Dietetics, child development, speech pathology and audiology); the mean ACT score (23.9) in fall 2004 exceeded state of Illinois and national core curriculum (college bound) students by 1.5 points and 2.0 points, respectively.

**Policy Area 6: Illinois colleges and universities will continually improve productivity, cost-effectiveness, and accountability.**

The proportion of first-time, full-time degree-seeking freshmen who complete their degree within 150 percent of catalog time exceeded the average of Illinois public universities for the 1996 cohort; cost savings and internal reallocations totaled \$12.8 million; over \$12 million were allocated to the University's maintenance priorities identified in *The Master Plan*, *Energy Management and Utility Infrastructure Improvement Plan*, *Facilities Condition Assessment*, and the *Long Range Plan for Campus Housing and Dining* exceeding amounts expended during the previous two years; and the ratio of undergraduate credit hours per staff year increased annually between Fiscal Years 2002 and 2004.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2005**

(Unaudited)

**Efficiency Cost Effective Indicators:**

Undergraduate Direct Instruction Cost/Credit Hour	\$65.22
Graduate Direct Instruction Cost/Credit Hour	\$122.99
	FY05 Data

- Eighty-five percent of the new freshmen return to Illinois State University for a second year of enrollment.
- Sixty-three percent of the new freshmen graduate from the University within six years. Of these graduates 54 percent graduate in four years, 38 percent graduate in five years and 8 percent graduate in six years.

**Explanatory Information:**

In Fall 2004, the University enrolled students from 48 states and 79 countries. Fifty-two percent of University students are from the Chicago area and 23 percent are from central Illinois. The enrollment includes a significant number of minority students, students with disabilities, and adult learners. Among the entering students, the mean ACT score was 23.9 with 81 percent in the top half of their high school graduating class.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF FEDERAL AND NONFEDERAL EXPENDITURES  
For the Two Years Ended June 30, 2005**

	<u>Fiscal Year 2005</u>		<u>Fiscal Year 2004</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Federal expenditures	\$ 22,685,689	7.2%	\$ 22,262,074	6.1%
Nonfederal expenditures	<u>293,574,188</u>	<u>92.8</u>	<u>343,535,524</u>	<u>93.9</u>
<b>TOTAL</b>	<b><u>\$316,259,877</u></b>	<b><u>100.0%</u></b>	<b><u>\$365,797,598</u></b>	<b><u>100.0%</u></b>

Sources: Schedule of Expenditures of Federal Awards and Statement of Revenues, Expenses, and Changes in Net Assets.

Note: Federal expenditures are shown here net of the following noncash expenditures:

	<u>2005</u>	<u>2004</u>
Nursing Student Loans	\$ 310,553	\$ 301,230
Perkins Loan Program	10,485,686	10,377,935
Direct Loan Program	<u>58,385,787</u>	<u>55,686,070</u>
	<u>\$ 69,182,026</u>	<u>\$ 66,365,235</u>

Note – 2004 amounts have been adjusted to conform with the 2005 presentation. See Note 21 to the Financial Statements.

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 SUMMARY OF AGENCY OPERATIONS BY FUNCTION  
 OF PROGRAM ACTIVITY  
 STUDENT ENROLLMENT STATISTICS  
 YEARS ENDED JUNE 30, 2005 AND 2004

(Unaudited)

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

	<b>Number of Enrolled Students at Beginning of School Year</b>	
	<b><u>2004-2005</u></b>	<b><u>2003-2004</u></b>
All students, including extension	<u>20,757</u>	<u>20,860</u>
	<b>Full-time Students Equivalent</b>	
	<b><u>2004-2005</u></b>	<b><u>2003-2004</u></b>
All students, including extension	<u>18,465</u>	<u>18,570</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
UNDERGRADUATE TUITION AND FEE WAIVERS  
Fiscal Year 2005**

(Unaudited)

	<b>Total Number of Recipients*</b>	<b>Tuition Waived</b>		<b>Fees Waived</b>	
		<b>Number of Recipients*</b>	<b>Value of Waivers</b>	<b>Number of Recipients*</b>	<b>Value of Waivers</b>
(In Thousands of Dollars)					
<b>Mandatory Waivers</b>					
Teacher Special Education	281	281	\$ 1,160.0	281	\$ 392.0
General Assembly	161	161	678.5	-	-
Reserve Officer's Training Corps	56	56	188.3	-	-
Wards of Illinois Department of Children and Family Services	13	13	23.8	13	4.3
Children of Employees	<u>306</u>	<u>306</u>	<u>545.1</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>817</u>	<u>817</u>	<u>2,595.7</u>	<u>294</u>	<u>396.3</u>
<b>Discretionary Waivers</b>					
Faculty/Administrators (Non-Civil Service)	7	7	5.5	6	1.6
Civil Service	67	67	66.7	61	20.2
Children of Deceased Employees	6	6	13.7	6	3.6
Athletic	289	289	1,011.5	-	-
Academic/Other Talent	433	433	1,021.9	22	1.9
Foreign Exchange Students	34	34	86.3	-	-
Out-of-state Students	10	10	33.9	7	6.3
Research Assistance	2	2	1.7	-	-
Retired University Employees	<u>3</u>	<u>3</u>	<u>3.7</u>	<u>3</u>	<u>1.0</u>
(subtotal)	<u>851</u>	<u>851</u>	<u>2,244.9</u>	<u>105</u>	<u>34.6</u>
<b>Total</b>	<u>1,668</u>	<u>1,668</u>	<u>\$ 4,840.6</u>	<u>399</u>	<u>\$ 430.9</u>

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

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
GRADUATE TUITION AND FEE WAIVERS  
Fiscal Year 2005

(Unaudited)

	Total Number of Recipients*	Tuition Waived		Fees Waived	
		(In Thousands of Dollars)			
	Number of Recipients*	Value of Waivers	Number of Recipients*	Value of Waivers	
<b>Mandatory Waivers</b>					
Teacher Special Education	16	\$ 48.3	16	\$ 17.1	
General Assembly	<u>3</u>	<u>4.4</u>	-	-	
(subtotal)	<u>19</u>	<u>52.7</u>	<u>16</u>	<u>17.1</u>	
<b>Discretionary Waivers</b>					
Faculty/Administrators (Non-Civil Service)	133	127.3	116	38.0	
Civil Service	52	51.1	47	14.4	
Cooperating Professionals	493	362.9	-	-	
Athletic	8	16.7	-	-	
Academic/Other Talent	625	469.6	109	13.4	
Foreign Exchange Students	33	100.6	-	-	
Graduate Assistants - Research	223	548.5	-	-	
Graduate Assistants - Teaching	490	1,318.9	-	-	
Graduate Assistants - Other	308	854.3	-	-	
Retired University Employees	<u>1</u>	<u>0.4</u>	-	-	
(subtotal)	<u>2,366</u>	<u>3,850.3</u>	<u>272</u>	<u>65.8</u>	
<b>Total</b>	<u>2,385</u>	<u>\$ 3,903.0</u>	<u>288</u>	<u>\$ 82.9</u>	

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

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
10TH DAY ROOM UTILIZATION  
Year Ended June 30, 2005

(Unaudited)

**FALL 2004**

**DAYTIME**

	<b><u>Stations</u></b>	<b><u>Rooms</u></b>
110 Space (classroom)	59.3%	77.0%
210 Space (lab)	29.1%	38.3%

**EVENINGS**

	<b><u>Stations</u></b>	<b><u>Rooms</u></b>
110 Space (classroom)	19.4%	40.0%
210 Space (lab)	16.2%	27.7%

**SPRING 2005**

**DAYTIME**

	<b><u>Stations</u></b>	<b><u>Rooms</u></b>
110 Space (classroom)	48.6%	62.9%
210 Space (lab)	27.1%	36.8%

**EVENINGS**

	<b><u>Stations</u></b>	<b><u>Rooms</u></b>
110 Space (classroom)	16.0%	33.1%
210 Space (lab)	14.1%	26.8%

Source: Office of Facilities Planning

Space utilization presented is as of the 10<sup>th</sup> day of classes of the respective semesters. Utilization is computed by dividing the workspace (desk, lab space) hours used by the workspace hours available.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
DEBT FINANCED BY UNIVERSITY RELATED ORGANIZATION  
For the Year Ended June 30, 2005**

Long-term debt at the Illinois State University Foundation at June 30 consists of the following:

Note payable to Chase, requiring monthly interest payments of 1.25 percent under Chase prime, with the principal due in full in April 2007.	\$ 300,000
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Less current installments	<u>                    </u>
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<b>Long-term debt, less current installments</b>	<b><u>\$ 300,000</u></b>
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Future maturities of long-term debt are as follows:

2007	<u>\$ 300,000</u>
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**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ACQUISITION OF REAL ESTATE BY UNIVERSITY NOT  
FUNDED BY SEPARATE SPECIFIC APPROPRIATION  
Year Ended June 30, 2005 and 2004**

In Fiscal Years 2005 and 2004, the University did not acquire real estate which was funded outside of a separate specific appropriation. In Fiscal Year 2005, the University did exchange real estate with the town of Normal, Illinois.

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**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET ASSETS - LOCAL FUNDS  
As of June 30, 2005**

	<b>Indirect Cost Support</b>	<b>Continuing Education &amp; Public Service</b>	<b>Sales &amp; Service Of Educational Activities</b>	<b>Student Programs &amp; Services - University</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,313,636	\$ 2,343,880	\$ 1,050,341	\$ 3,748,377
Accrued interest receivable	-	-	-	-
Accounts receivable, net	-	77,471	9,538	957,083
Appropriations receivable from State	-	-	-	-
Inventories	-	44,488	23,225	110,952
Prepaid expenses and deposits	328	91,020	5,200	19,759
Deferred charges and obligations	-	-	-	-
<b>Total current assets</b>	<b>1,313,964</b>	<b>2,556,859</b>	<b>1,088,304</b>	<b>4,836,171</b>
Noncurrent Assets:				
Investments	-	-	-	-
Capital assets, net	-	-	-	-
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>1,313,964</b>	<b>2,556,859</b>	<b>1,088,304</b>	<b>4,836,171</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	230,537	250,465	134,924	284,384
Obligations payable	-	-	-	-
Obligations under capital leases	-	-	-	-
Assets held in custody for others and deposits	-	3,250	-	74,503
Deferred revenue	-	500,636	380	275,676
Accrued compensated absences	6,467	17,062	1,634	107,775
<b>Total current liabilities</b>	<b>237,004</b>	<b>771,413</b>	<b>136,938</b>	<b>742,338</b>
Noncurrent Liabilities:				
Accrued compensated absences	51,684	136,371	13,058	861,406
Obligations under capital leases	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>51,684</b>	<b>136,371</b>	<b>13,058</b>	<b>861,406</b>
<b>Total liabilities</b>	<b>288,688</b>	<b>907,784</b>	<b>149,996</b>	<b>1,603,744</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	-	-	-
Unrestricted	1,025,276	1,649,075	938,308	3,232,427
<b>Total net assets</b>	<b>\$ 1,025,276</b>	<b>\$ 1,649,075</b>	<b>\$ 938,308</b>	<b>\$ 3,232,427</b>

<b>Student Programs &amp; Services - High School</b>	<b>Field Trip &amp; Foreign Study Activities</b>	<b>Income Fund</b>	<b>Payroll Fund</b>	<b>Local Funds Total</b>
\$ 114,686	\$ 588,181	\$ 488,265	\$ 95,736	\$ 9,743,102
-	-	17,500	-	17,500
-	20,291	3,412,585	76,693	4,553,661
-	-	11,379,608	-	11,379,608
-	-	-	-	178,665
10,000	784	123,047	-	250,138
-	-	73,649	-	73,649
<u>124,686</u>	<u>609,256</u>	<u>15,494,654</u>	<u>172,429</u>	<u>26,196,323</u>
-	-	2,975,640	-	2,975,640
-	-	165,382,608	-	165,382,608
-	-	168,358,248	-	168,358,248
<u>124,686</u>	<u>609,256</u>	<u>183,852,902</u>	<u>172,429</u>	<u>194,554,571</u>
14,326	21,495	1,589,593	172,429	2,698,153
-	-	73,649	-	73,649
-	-	225,403	-	225,403
-	-	-	-	77,753
-	526,480	1,368,237	-	2,671,409
160	61	1,423,097	-	1,556,256
<u>14,486</u>	<u>548,036</u>	<u>4,679,979</u>	<u>172,429</u>	<u>7,302,623</u>
1,276	490	12,672,528	-	13,736,813
-	-	549,904	-	549,904
<u>1,276</u>	<u>490</u>	<u>13,222,432</u>	<u>-</u>	<u>14,286,717</u>
<u>15,762</u>	<u>548,526</u>	<u>17,902,411</u>	<u>172,429</u>	<u>21,589,340</u>
-	-	164,607,301	-	164,607,301
108,924	60,730	1,343,190	-	8,357,930
<u>\$ 108,924</u>	<u>\$ 60,730</u>	<u>\$ 165,950,491</u>	<u>\$ -</u>	<u>\$ 172,965,231</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - LOCAL FUNDS  
Year Ended June 30, 2005**

	<b>Indirect Cost Support</b>	<b>Continuing Education &amp; Public Service</b>	<b>Sales &amp; Service Of Educational Activities</b>	<b>Student Programs &amp; Services - University</b>
<b>OPERATING REVENUES</b>				
Student tuition and fees, net	\$ -	\$ 13,163	\$ -	\$ 15,377,649
Sales and services of educational activities	-	8,212	1,964,705	-
Other operating revenues	<u>1,736,509</u>	<u>7,398,978</u>	<u>-</u>	<u>7,651,412</u>
Total operating revenues	<u>1,736,509</u>	<u>7,420,353</u>	<u>1,964,705</u>	<u>23,029,061</u>
<b>OPERATING EXPENSES</b>				
Educational and General				
Instruction	-	513,697	1,234,787	347,936
Research	409,668	52,977	170,464	-
Public service	-	4,003,897	301,075	174
Academic support	89,694	46,715	206,945	-
Student services	-	223,920	25,272	21,412,206
Institutional support	153,147	281,457	-	-
Operation and maintenance of plant	1,074,977	144,961	23,834	250,416
Depreciation	-	-	-	-
Staff benefits	58,716	83,303	10,739	158,645
Student aid	1,150	9,433	3,025	1,892,598
Other operating expenditures	<u>-</u>	<u>1,710,552</u>	<u>2,968</u>	<u>-</u>
Total operating expenses	<u>1,787,352</u>	<u>7,070,912</u>	<u>1,979,109</u>	<u>24,061,975</u>
Operating income (loss)	<u>(50,843)</u>	<u>349,441</u>	<u>(14,404)</u>	<u>(1,032,914)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Payments on behalf of the University - Foundation	-	-	-	-
Laboratory Schools	-	-	-	-
Gifts and donations	-	3,187	-	6,898
Investment income, net of investment expenses	43,449	17,136	2,444	104,222
Interest expense	-	-	-	-
Other nonoperating revenues	<u>-</u>	<u>66,392</u>	<u>5,539</u>	<u>414,236</u>
Net nonoperating revenues	<u>43,449</u>	<u>86,715</u>	<u>7,983</u>	<u>525,356</u>
Income (Loss) before capital items	<u>(7,394)</u>	<u>436,156</u>	<u>(6,421)</u>	<u>(507,558)</u>
Capital appropriations				
Capital grants and gifts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>(7,394)</u>	<u>436,156</u>	<u>(6,421)</u>	<u>(507,558)</u>
<b>NET ASSETS</b>				
Net assets - beginning of year	<u>1,032,670</u>	<u>1,212,919</u>	<u>944,729</u>	<u>3,739,985</u>
Net assets - end of year	<u>\$ 1,025,276</u>	<u>\$ 1,649,075</u>	<u>\$ 938,308</u>	<u>\$ 3,232,427</u>

<b>Student Programs &amp; Services - High School</b>	<b>Field Trip &amp; Foreign Study Activities</b>	<b>Income Fund</b>	<b>Local Funds Total</b>
\$ -	\$ 908,656	\$ 72,120,489	\$ 88,419,957
-	-	-	1,972,917
<u>159,314</u>	<u>352,931</u>	<u>93,127</u>	<u>17,392,271</u>
<u>159,314</u>	<u>1,261,587</u>	<u>72,213,616</u>	<u>107,785,145</u>
-	1,242,212	41,997,423	45,336,055
626,387	-	387,970	1,647,466
-	-	187,017	4,492,163
-	-	(673,990)	(330,636)
-	-	333,716	21,995,114
-	-	7,784,026	8,218,630
-	-	8,180,212	9,674,400
-	-	8,481,683	8,481,683
3,078	(12,355)	111,462	413,588
105	6,125	5,363,909	7,276,345
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,713,520</u>
<u>629,570</u>	<u>1,235,982</u>	<u>72,153,428</u>	<u>108,918,328</u>
<u>(470,256)</u>	<u>25,605</u>	<u>60,188</u>	<u>(1,133,183)</u>
-	-	882,152	882,152
461,890	-	-	461,890
-	-	761,758	771,843
2,618	-	300,996	470,865
-	-	(8,099)	(8,099)
<u>-</u>	<u>-</u>	<u>83,084</u>	<u>569,251</u>
<u>464,508</u>	<u>-</u>	<u>2,019,891</u>	<u>3,147,902</u>
<u>(5,748)</u>	<u>25,605</u>	<u>2,080,079</u>	<u>2,014,719</u>
-	-	11,829,104	11,829,104
<u>-</u>	<u>-</u>	<u>6,171,149</u>	<u>6,171,149</u>
-	-	18,000,253	18,000,253
<u>(5,748)</u>	<u>25,605</u>	<u>20,080,332</u>	<u>20,014,972</u>
<u>114,672</u>	<u>35,125</u>	<u>145,870,159</u>	<u>152,950,259</u>
<u>\$ 108,924</u>	<u>\$ 60,730</u>	<u>\$ 165,950,491</u>	<u>\$ 172,965,231</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET ASSETS - SERVICE DEPARTMENTS  
As of June 30, 2005**

	<u>Service Departments</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 3,879,545
Accounts receivable, net	265,265
Inventories	1,686,550
Prepaid expenses and deposits	<u>164,828</u>
Total current assets	<u>5,996,188</u>
Noncurrent Assets:	
Capital assets, net	<u>3,704,461</u>
Total noncurrent assets	<u>3,704,461</u>
Total assets	<u>9,700,649</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	764,880
Obligations under capital leases	2,202
Deferred revenue	176,986
Accrued compensated absences	<u>111,634</u>
Total current liabilities	<u>1,055,702</u>
Noncurrent Liabilities:	
Accrued compensated absences	<u>1,286,836</u>
Total noncurrent liabilities	<u>1,286,836</u>
Total liabilities	<u>2,342,538</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	3,702,259
Unrestricted	<u>3,655,852</u>
Total net assets	<u>\$ 7,358,111</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
SERVICE DEPARTMENTS  
Year Ended June 30, 2005**

	<b>Service Departments</b>
<b>OPERATING REVENUES</b>	
Other operating revenues	\$ <u>16,954,241</u>
Total operating revenues	<u>16,954,241</u>
<b>OPERATING EXPENSES</b>	
Educational and General	
Instruction	403,955
Institutional support	10,100,355
Operation and maintenance of plant	5,765,419
Depreciation	1,474,851
Staff benefits	<u>(684)</u>
Total operating expenses	<u>17,743,896</u>
Operating (loss)	<u>(789,655)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income, net of investment expenses	331,062
Interest expense	(636)
Other nonoperating revenues	<u>2,629</u>
Net nonoperating revenues	<u>333,055</u>
Decrease in net assets	(456,600)
<b>NET ASSETS</b>	
Net assets - beginning of year	<u>7,814,711</u>
Net assets - end of year	\$ <u><u>7,358,111</u></u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET ASSETS - AUXILIARY FACILITIES  
As of June 30, 2005**

	<u>Housing</u>	<u>Student Activities</u>	<u>Parking</u>	<u>Auxiliary Facilities Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,999,415	\$ 7,469,203	\$ 2,278,608	\$ 11,747,226
Investments	20,231,030	1,972,175	675,437	22,878,642
Accrued interest receivable	181,272	49,640	6,266	237,178
Accounts receivable, net	1,020,888	616,486	120,413	1,757,787
Inventories	404,458	80,429	-	484,887
Prepaid expenses and deposits	29,157	1,050	523,635	553,842
Deferred charges and obligations	34,693	49,031	17,441	101,165
<b>Total current assets</b>	<u>23,900,913</u>	<u>10,238,014</u>	<u>3,621,800</u>	<u>37,760,727</u>
Noncurrent Assets:				
Investments	19,030,083	-	-	19,030,083
Bond issuance costs	163,289	283,727	124,212	571,228
Capital assets, net	23,219,265	44,915,712	16,843,241	84,978,218
<b>Total noncurrent assets</b>	<u>42,412,637</u>	<u>45,199,439</u>	<u>16,967,453</u>	<u>104,579,529</u>
<b>Total assets</b>	<u>66,313,550</u>	<u>55,437,453</u>	<u>20,589,253</u>	<u>142,340,256</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	3,050,459	1,186,275	143,895	4,380,629
Obligations under capital leases				
Assets held in custody for others and deposits	1,892,003	2,080	-	1,894,083
Deferred revenue	196,209	256,640	35,915	488,764
Revenue bonds payable	2,734,813	2,119,511	164,897	5,019,221
Accrued compensated absences	122,164	23,675	10,732	156,571
<b>Total current liabilities</b>	<u>7,995,648</u>	<u>3,588,181</u>	<u>355,439</u>	<u>11,939,268</u>
Noncurrent Liabilities:				
Assets held in custody for others and deposits	149,996	-	-	149,996
Revenue bonds payable	11,791,834	24,281,606	11,887,271	47,960,711
Accrued compensated absences	1,280,874	248,232	112,527	1,641,633
<b>Total noncurrent liabilities</b>	<u>13,222,704</u>	<u>24,529,838</u>	<u>11,999,798</u>	<u>49,752,340</u>
<b>Total liabilities</b>	<u>21,218,352</u>	<u>28,118,019</u>	<u>12,355,237</u>	<u>61,691,608</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	8,692,618	18,514,595	6,967,942	34,175,155
Restricted for:				
Expendable				
Capital Projects	2,176,869	-	-	2,176,869
Debt service	675,438	-	-	675,438
Unrestricted	33,550,273	8,804,839	1,266,074	43,621,186
<b>Total net assets</b>	<u>\$ 45,095,198</u>	<u>\$ 27,319,434</u>	<u>\$ 8,234,016</u>	<u>\$ 80,648,648</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - AUXILIARY FACILITIES  
For the Year ended June 30, 2005**

	<u>Housing</u>	<u>Student Activities</u>	<u>Parking</u>	<u>Auxiliary Facilities Total</u>
<b>OPERATING REVENUES</b>				
Auxiliary enterprises:				
Auxiliary facilities	\$ 43,431,018	\$ 10,586,058	\$ 3,735,558	\$ 57,752,634
Total operating revenues	<u>43,431,018</u>	<u>10,586,058</u>	<u>3,735,558</u>	<u>57,752,634</u>
<b>OPERATING EXPENSES</b>				
Educational and General				
Depreciation	1,252,641	1,721,803	372,600	3,347,044
Auxiliary facilities:				
Student housing, activity facilities, and parking	<u>32,475,691</u>	<u>7,882,723</u>	<u>2,382,411</u>	<u>42,740,825</u>
Total operating expenses	<u>33,728,332</u>	<u>9,604,526</u>	<u>2,755,011</u>	<u>46,087,869</u>
Operating income	<u>9,702,686</u>	<u>981,532</u>	<u>980,547</u>	<u>11,664,765</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Gifts and donations				
Investment income, net of investment expenses	661,834	389,071	59,684	1,110,589
Interest expense	(633,439)	(1,601,458)	(607,719)	(2,842,616)
Other nonoperating revenues	<u>190,247</u>	<u>9,236</u>	<u>3,818</u>	<u>203,301</u>
Net nonoperating revenues (expenses)	<u>218,642</u>	<u>(1,203,151)</u>	<u>(544,217)</u>	<u>(1,528,726)</u>
Income (loss) before capital items	<u>9,921,328</u>	<u>(221,619)</u>	<u>436,330</u>	<u>10,136,039</u>
Capital grants and gifts	<u>-</u>	<u>410,640</u>	<u>-</u>	<u>410,640</u>
Total capital items	<u>-</u>	<u>410,640</u>	<u>-</u>	<u>410,640</u>
Increase (decrease) in net assets	9,921,328	189,021	436,330	10,546,679
<b>NET ASSETS</b>				
Net assets - beginning of year	<u>35,173,870</u>	<u>27,130,413</u>	<u>7,797,686</u>	<u>70,101,969</u>
Net assets - end of year	<u>\$ 45,095,198</u>	<u>\$ 27,319,434</u>	<u>\$ 8,234,016</u>	<u>\$ 80,648,648</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CALCULATION SHEET FOR INDIRECT COST CARRYFORWARD  
June 30, 2005**

**1. Cash and Equivalents Balance**

Add:

Cash .....	1,313,636	
Cash Equivalents .....		
Bank Deposits .....		
Marketable Securities .....		
Certificates of Deposit .....		
Repurchase Agreements .....		
Other cash equivalent items .....		
Interfund receivables .....		1,313,636

**2. Allocated Reimbursements**

Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed: \$4,753,957; enter 30% of this amount .....

1,426,187

**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 .....

173,643

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

Enter the amount of:

Current Liabilities .....	237,004
Encumbrances .....	-
Total .....	237,004

**5. Indirect Cost Carry-forward**

a. Enter the total of items 2, 3 and 4 ..... 1,836,834

b. Subtract from item 1 ..... (523,198)

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CURRENT UNRESTRICTED LOCAL FUNDS  
CONTINUING EDUCATION AND PUBLIC SERVICES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2005**

**1. Current Available Funds**

Add:

Cash .....	2,343,880
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 2,343,880

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	927,230
Encumbrances and current liabilities paid in lapse period .....	429,402
Deferred income .....	500,637
Refundable deposits .....	3,250
Allowance for Restoring Inventory to Normal Level .....	44,488
Allowance for Sick Leave/Vacation Payouts .....	153,433
Working Capital Allowance .....	B. 2,058,440

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. 285,440
--------------------------------------	------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (86,522)
--	-------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	198,918
--	---------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CURRENT UNRESTRICTED LOCAL FUNDS  
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2005

**1. Current Available Funds**

Add:

Cash .....	1,050,341
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 1,050,341</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	286,821
Encumbrances and current liabilities paid in lapse period .....	134,924
Deferred income .....	380
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	23,226
Allowance for Sick Leave/Vacation Payouts .....	14,692
Working Capital Allowance .....	<b>B. 460,043</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. 590,298</b>
--	-------------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (657,978)</b>
--	---------------------

Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	<b>(67,680)</b>
--	-----------------

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CURRENT UNRESTRICTED LOCAL FUNDS  
STUDENT PROGRAMS AND SERVICES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2005**

**1. Current Available Funds**

Add:

Cash .....	3,863,063
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	-
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 3,863,063</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	4,021,031
Encumbrances and current liabilities paid in lapse period .....	298,711
Deferred income .....	275,676
Refundable deposits .....	74,503
Allowance for Restoring Inventory to Normal Level .....	110,952
Allowance for Sick Leave/Vacation Payouts .....	970,616
Working Capital Allowance .....	<b>B. 5,751,489</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. (1,888,426)</b>
--	-----------------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (190,558)</b>
--	---------------------

Enter the algebraic sum of <b>C</b> and <b>D</b> and remit the amount due, if any, for deposit in the Income Fund.	<b>(2,078,984)</b>
--	--------------------

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 CURRENT UNRESTRICTED LOCAL FUNDS  
 FIELD TRIPS AND FOREIGN STUDY  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2005

**1. Current Available Funds**

Add:

Cash .....	588,181
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 588,181</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	165,039
Encumbrances and current liabilities paid in lapse period .....	21,496
Deferred income .....	526,480
Refundable deposits .....	
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	541
Working Capital Allowance .....	<b>B. 713,556</b>

**3. Current Excess Funds**

Deduct B from A and enter here .....	<b>C. (125,375)</b>
--------------------------------------	---------------------

**4. Calculation of Income Fund Remittance**

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

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<b>(125,375)</b>
--	------------------

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE DEPARTMENTS  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2005**

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	3,879,545
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	265,265
Total Current Available Funds .....	<b>A. 4,144,810</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,161,355
Encumbrances and current liabilities paid in lapse period .....	767,082
Deferred income .....	176,986
Refundable deposits .....	
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	1,398,470
Working Capital Allowance .....	<b>B. 3,503,893</b>

**3. Current Excess Funds**

Deduct B from A and enter here .....	<b>C. 640,917</b>
--------------------------------------	-------------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (4,071,217)</b>
--	-----------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<b>(3,430,300)</b>
--	--------------------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES - REVENUE BONDS  
STUDENT HOUSING  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2005

**1. Current Available Funds**

Add:

Cash .....	231,861
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	10,412,895
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 10,644,756

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	4,619,063
Encumbrances and current liabilities paid in lapse period .....	1,501,817
Deferred income .....	196,209
Refundable deposits .....	2,041,999
Allowance for Restoring Inventory to Normal Level .....	404,458
Allowance for Sick Leave/Vacation Payouts .....	1,403,038
Working Capital Allowance .....	B. 10,166,584

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. 478,172
--------------------------------------	------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (10,820,135)
--	-----------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(10,341,963)
--	--------------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES - REVENUE BONDS  
STUDENT ACTIVITIES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2005

**1. Current Available Funds**

Add:

Cash .....	803,147
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 803,147

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,017,761
Encumbrances and current liabilities paid in lapse period .....	926,271
Deferred income .....	256,640
Refundable deposits .....	2,080
Allowance for Restoring Inventory to Normal Level .....	80,429
Allowance for Sick Leave/Vacation Payouts .....	271,907
Working Capital Allowance .....	B. 2,555,088

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. (1,751,941)
--------------------------------------	----------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (3,183,067)
--	----------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(4,935,008)
--	-------------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES - REVENUE BONDS  
PARKING SERVICES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2005

**1. Current Available Funds**

Add:

Cash .....	298,404
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 298,404

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	391,303
Encumbrances and current liabilities paid in lapse period .....	41,066
Deferred income .....	35,915
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	-
Allowance for Sick Leave/Vacation Payouts .....	123,259
Working Capital Allowance .....	B. 591,543

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. (293,139)
--------------------------------------	--------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (1,313,686)
--	----------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(1,606,825)
--	-------------

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES  
Year Ended June 30, 2005**

A listing of the University's Auxiliary Facilities, Activities, and Accounting Entities, their purpose, and their sources of revenue for the year ended June 30, 2005 is provided below.

**Indirect Cost Support**

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

**Current Unrestricted Local Funds**

Continuing Education and Public Services

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

Sales and Services of Educational Activities

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

Student Programs and Services

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

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

Field Trips and Foreign Study

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES  
Year Ended June 30, 2005**

**Service Departments**

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

**Auxiliary Facilities**

Student Housing

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

Student Activities

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

Parking Services

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SUMMARY OF FOUNDATION PAYMENTS TO UNIVERSITY  
Years Ended June 30, 2005 and 2004**

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

During fiscal years 2005 and 2004, Illinois State University engaged the Foundation, under contract, to provide fund raising services. As provided in the contract agreement, the University advanced funds to the Foundation of \$260,000 in fiscal years 2005 and 2004. As required by contract, the Foundation fully repaid the University, using funds considered unrestricted for purposes of the computations per University Guidelines 1982 as Amended 1997. In addition, the Foundation gave the University nonqualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University during fiscal years 2005 and 2004. There was no cumulative unreimbursed subsidy for fiscal years 2005 and 2004.

	<u>2005</u>	<u>2004</u>
Totally unrestricted funds	\$ 58,651	\$ 109,811
Funds restricted only as to campus, college, or department, and generally available for ongoing University operations:		
Given to a particular college	424,396	224,682
Given to a particular department	1,721,684	1,516,754
Funds restricted:		
Given for scholarships	1,147,662	1,006,911
Given for certain programs	8,676,059	5,079,321
Other restricted funds	<u>49,853</u>	<u>35,526</u>
Total funds considered restricted	<u>12,019,654</u>	<u>7,863,194</u>
<b>Total funds provided to the University by the Foundation</b>	<b><u>\$12,078,305</u></b>	<b><u>\$ 7,973,005</u></b>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
NONINSTRUCTIONAL FACILITIES RESERVE  
For the Years Ended June 30, 2005 and 2004**

**Non-instructional Facilities Reserve Account (Development Reserve)**

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
DISCLOSURE OF SUPPORT WHICH AUXILIARY FACILITIES  
AND ACTIVITIES HAVE RECEIVED DURING THE YEAR  
FROM STATE APPROPRIATED FUNDS  
June 30, 2005**

Certain student employees are paid from funds of the Federal College Work-Study Program. In accordance with long standing public policy in Illinois, approximately \$3,001,399 of group insurance expense and \$1,087,577 of retirement plan contributions were also paid from State appropriated funds during the year ended June 30, 2005. These amounts are shown in the University's financial statements as "Payments on behalf of the University."

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ILLINOIS INSTITUTE FOR ENTREPRENEURSHIP EDUCATION  
FINANCIAL INFORMATION  
For the Year Ended June 30, 2005**

**REVENUES AND EXPENDITURES**

**REVENUES**

Allocated portion of Illinois State University lump sum appropriations from the State of Illinois and tuition and fees	<u>\$ 188,724</u>
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**EXPENDITURES**

Personal services and benefits	131,039
Contractual services	46,952
Travel	1,079
Commodities	1,652
Equipment	4,996
Telecommunications	<u>3,006</u>

Total expenditures	<u>188,724</u>
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<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u><u>\$ -</u></u>
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The Illinois Institute for Entrepreneurship Education (IIEE) was created by an act of the Illinois General Assembly in 1988. The purpose of the IIEE is to foster growth and development of entrepreneurship by educating Illinois citizens to the viability of entrepreneurship as a career option and to the role and contributions of entrepreneurs in economic development and job creation. The IIEE is mandated to reach all areas of the State, all ages, all ethnic groups, and income levels.

The IIEE's goals are to help remedy the deficiencies in the preparation of entrepreneurship education teachers, increase the quality and quantity of entrepreneurship education programs, improve instructional materials, and prepare personnel to serve as leaders and consultants in the field of entrepreneurship education and economic development.

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

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

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

The current Director of the IIEE is Ida Manning, located at 222 W. Ontario, Suite 420, Chicago, Illinois 60610, telephone (312) 587-9296.

**FY05 PERFORMANCE DATA BUDGET AND CUMULATIVE QUARTERLY REPORT  
CHILD ABUSE PREVENTION AND TAX CHECKOFF GRANTS**

FEIN NO. 37-6014070 FEPC NO. \_\_\_\_\_

Agency Illinois State University

Address Comptroller's Office, Campus Box 1200, Normal, IL 61790-1200

Program Name Center for Adoption Studies Phone No. 309-438-5694

Unit Definition \_\_\_\_\_

Unit Capacity \_\_\_\_\_ Units Budgeted \_\_\_\_\_

Case Definition Used \_\_\_\_\_

DCFS Cases Projected for Contract Period \_\_\_\_\_

DCFS Cases Projected At Any Given Time \_\_\_\_\_

**CUMULATIVE QUARTERLY REPORTING**  
(These columns may also be used to project during budgeting)

	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
DCFS Units Provided	_____	_____	_____	_____
Other Units Provided	_____	_____	_____	_____
TOTAL Units Provided	_____	_____	_____	_____
DCFS Cases Served	_____	_____	_____	_____

	BUDGET			CUMULATIVE OPERATING COSTS							
	1	2	3	4	5	6	7	8	9	10	11
<b>A. DIRECT EXPENSES</b>											
1. Salaries, Wages Consultant and Related Expenses	Actual Cost — Actual or — Contract Period	In-Kind (Optional)	Approved Reimbursable Cost	1 <sup>st</sup> Quarter Actual TOTAL	1 <sup>st</sup> Quarter In-Kind (Optional)	2 <sup>nd</sup> Quarter Actual TOTAL	2 <sup>nd</sup> Quarter In-Kind (Optional)	3 <sup>rd</sup> Quarter Actual TOTAL	3 <sup>rd</sup> Quarter In-Kind (Optional)	4 <sup>th</sup> Quarter Actual TOTAL	4 <sup>th</sup> Quarter In-Kind (Optional)
a. Salaries and Wages	52,270.00			32,269.46							
b. Payroll Taxes & Benefits	6,115.00			6,114.22							
c. Program Consultant & Contractual											
d. Other Consultants & Contractual											
e. Other											
f. Subtotal (1a thru 1e)	58,385.00			38,383.68							
2. Consumable Supplies (1)											
a. Food											
b. Other Supplies											
c. Expensed Equipment											
d. Subtotal (2a thru 2c)											
3. Occupancy (not including rent & depreciation)											
4. Local Transportation (not including rent & depreciation) (in-state travel)	500.00			202.52							
5. Specific Assistance to Individuals											
a. Clothing											
b. Allowance											
c. Other											
d. Other											
e. Subtotal (5a thru 5d)											
6. Lease/Rent											
a. Equipment											
b. Buildings											
c. Subtotal (6a thru 6b)											
7. Depreciation (1)											
a. Equipment											
b. Buildings											
c. Subtotal (7a thru 7b)											
8. Interest											
a. Current Operating											
b. Other											
c. Subtotal (8a thru 8b)											
9. Miscellaneous											
a. Telephone & Telegraph	325.00			322.84							
b. Conference and Conventions (travel)	2,000.00			924.07							
c. Subscriptions & Reference Material											
d. Postage and Shipping	400.00			28.45							
e. Outside Printing and Artwork	50.00			25.26							
f. Other services	4,226.00			600.00							
g. Subtotal (9a thru 9f)	7,001.00			1,900.62							
<b>SUBTOTAL DIRECT EXPENSES</b>	65,886.00			60,486.82							
<b>B. TOTAL ALLOCATED MANAGEMENT &amp; GENERAL EXPENSES</b>	5,271.00			4,838.95							
<b>C. GRAND TOTAL EXPENSES</b>	71,157.00			65,325.77							
<b>D. REVENUE</b>											
1. Grants-DCFS	71,157.00			0.00							
2. Grants-Other Governmental Units											
3. Cash Donations											
4. Non-Cash Donations											
5. Other											
<b>E. TOTAL REVENUE</b>	71,157.00			0.00							

(1) Any item purchased for a cost greater than \$500.00 must be depreciated under line A. 7a, not expensed under line A. 2.

(Unaudited)

Agency Illinois State University

Program Name Center for Adoption Studies

FY 05 — PERFORMANCE DATA BUDGET AND CUMULATIVE QUARTERLY REPORT  
CHILD ABUSE PREVENTION AND TAX CHECKOFF GRANTS

BREAK OUTS

F. ADMINISTRATION (Ill. Rev. Stat. Chap. 23, P. 54)	BUDGET			CUMULATIVE OPERATING COSTS							
	1	2	3	4	5	6	7	8	9	10	11
	Actual Cost --- Actual or --- Contract Period	In-Kind (Optional)	Approved Reimbursable Cost	1 <sup>st</sup> Quarter Actual TOTAL	1 <sup>st</sup> Quarter In-Kind (Optional)	2 <sup>nd</sup> Quarter Actual TOTAL	2 <sup>nd</sup> Quarter In-Kind (Optional)	3 <sup>rd</sup> Quarter Actual TOTAL	3 <sup>rd</sup> Quarter In-Kind (Optional)	4 <sup>th</sup> Quarter Actual TOTAL	4 <sup>th</sup> Quarter In-Kind (Optional)
Reimbursable, administrative Expenses may not exceed 20% of the total of other reimbursable expenses.											
1. Program Administration											
Salaries and Fringe Benefits	2,536.00			2,536.00							
2. Supervision and Consultation											
Salaries and Fringes (Direct)											
3. Postage and Shipping (Direct)											
4. Outside Printing, Artwork (Direct)											
5. Subscription and Reference Publication (Direct)											
6. Allocated Management and General (Indirect) - Line B, 968-3	5,271.00			4,838.95							
7. Total Administration	7,807.00			7,374.95							

G. NON-ALLOWABLE EXPENSES	BUDGET			CUMULATIVE OPERATING COSTS							
	1	2	3	4	5	6	7	8	9	10	11
	Actual Cost --- Actual or --- Contract Period	In-Kind (Optional)		1 <sup>st</sup> Quarter Actual TOTAL	1 <sup>st</sup> Quarter In-Kind (Optional)	2 <sup>nd</sup> Quarter Actual TOTAL	2 <sup>nd</sup> Quarter In-Kind (Optional)	3 <sup>rd</sup> Quarter Actual TOTAL	3 <sup>rd</sup> Quarter In-Kind (Optional)	4 <sup>th</sup> Quarter Actual TOTAL	4 <sup>th</sup> Quarter In-Kind (Optional)
Detail the non-allowable Expenses as identified in Exhibit B of the IL 418-968-9											

CFS 968-3 (cont.)  
3/86