

**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, 2006**

**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, 2006**

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**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, 2006**

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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, 2006**

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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, 2006**

**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 22 of financial statements
Item 13, Report Contents:	
a. Compliance Findings pertaining to the 1982 University Guidelines, as amended	See Note 1 below
b. Statement of Sources and Applications of Indirect Cost Recoveries	Page 58 in the Report
c. Calculation for Indirect Cost Carryforward	Page 64 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 73 - 74 in the Report
f. Financial Statements by Entity Including Plant Fund Data	Pages 56 - 63 in the Report
g. Calculation Sheets for Current Excess Funds	Pages 65 - 72 in the Report
h. Disclosure of Support Which Auxiliary Enterprise and Activities Have Received During the Year from State Appropriated Funds	Page 77 in the Report
i. Statement of Revenue and Expenditures for Various Bond Indenture Required Accounts	See Note 22 of financial statements
j. Statement of Whether Bond Accounting Conforms to the Terms of the Bond Indenture	See Note 2 below
k. List and Description of Noninstructional Facilities Reserves	Page 76 in the Report
l. List of All University-Related Organizations (UROs) List of Independent Organizations	Page 75 in the Report None
m. Disclosure of Payments by UROs to the University for Services Provided	Page 75 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, 2006**

**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 75 in the Report
o. Disclosure of Cumulative Amount of Unreimbursed Subsidies	Page 75 in the Report
p. Description of Any Debt Financing by a URO	Page 54 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 55 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 52 - 53 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, 2006.

**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, 2006**

- Note 2 - There were no violations of revenue bond covenants noted during the audit of Illinois State University for the year ended June 30, 2006.
- 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	Ms. Lisa Huson
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 President

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

February 16, 2007

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


Ladies and Gentlemen:

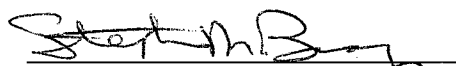
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of Illinois State University (University). We are responsible for and we have established and maintained an effective system of, 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, 2006. Based on this evaluation, we assert that during the year ended June 30, 2006, 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

  
C. Al Bowman, President

  
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	3	4
Repeated findings	1	0
Prior recommendations implemented or not repeated	3	1

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

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-1	14	<u>FINDINGS (FEDERAL COMPLIANCE)</u> Error in Preparing Fiscal Operations Report and Application to Participate (FISAP)
06-2	15	<u>FINDINGS (STATE COMPLIANCE)</u> Time Sheets Not Maintained in Compliance with the State Officials and Employees Ethics Act
06-3	16	Inadequate Disaster Contingency Plan
06-4	19	<u>PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)</u> Failure to Complete Ethics Training Within Six Months of Employment
06-5	19	Property Control Records
06-6	19	Contracts and Leases Not Filed with the State Comptroller's Office and did Not Include all the Required Certifications for State Contracts

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY

COMPLIANCE REPORT

SUMMARY

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on March 8, 2007. Attending were:

Representing Illinois State University

Comptroller  
Assistant Comptroller  
Accountant  
Director – Internal Audit  
Associate Vice President for Academic Information  
Technology  
Assistant Vice President for Administrative  
Information Systems  
Director - Computer Infrastructure Support Services  
Director - Telecommunications

Mr. Greg Alt  
Ms. JoEllen Bahnsen  
Mr. Doug Litwiller  
Mr. Rick Papuga

Dr. Mark Walbert

Dr. Dan Hayden  
Ms. Carla Birckelbaw  
Mr. Scott Genung

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  
IS Audit Manager

Ms. Candice M. Long, CPA  
Mr. Joseph Gudge, CISA

Responses to the recommendations were provided by Mr. Greg Alt in a letter dated March 16, 2007.

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

Board of Trustees  
Illinois State University

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, 2006. 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, 2006. 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 06-1 thru 06-3. 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, 2006, and have issued our report thereon dated December 18, 2006. 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 2006 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, 2006 taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Illinois State University and its discretely presented component unit, for the year ended June 30, 2005. In our report dated December 8, 2005, we expressed unqualified opinions on the basic financial statements. In our opinion, the 2005 Supplementary Information for State Compliance Purposes 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 fiscal year 2004 comparative information has been derived from Illinois State

University's basic financial statements as of and for the year ended June 30, 2004, before they were reclassified for the matter described in Note 21 of the 2005 basic financial statements. The 2004 basic financial statements 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 University 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

February 16, 2007

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

Board of Trustees  
Illinois State University

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, 2006, and have issued our report thereon dated December 18, 2006. 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 February 16, 2007.

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 February 16, 2007.

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

*Nykiel, Carlin & Co., Ltd.*

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

February 16, 2007



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

Board of Trustees  
Illinois State University

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, 2006. 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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 06-1.

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, 2006, and have issued our report thereon dated December 18, 2006. 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, University management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Nykiel, Carlin & Co., Ltd.*

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

February 16, 2007

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

**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?  X  Yes \_\_\_ 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
Bilingual Education Professional Development	84.195
Research in Special Education	84.324
Advanced Education Nursing Grant Program	93.247
Child Welfare Services Training Grants	93.648

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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

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

\$700,687

Auditee qualified as low-risk auditee?

Yes  No

**II. FINANCIAL STATEMENT FINDINGS**

None

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

See finding 06-1

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2006**

**CURRENT FINDINGS - FEDERAL**

**06-1 Finding: Error in Preparing Fiscal Operations Report and Application to Participate (FISAP)**

**Federal Department: U.S. Department of Education  
CFDA Number: 84.033  
Program Name: Federal Work Study (FWS)  
Questioned Cost: none**

Illinois State University (University) had an error on its fiscal year 2005 FISAP that resulted in a loss of Federal funds to the University.

The University mistakenly reported \$11,943 of its fiscal year 2005 FWS Award as being unexpended instead of reporting it as a carryover to the following fiscal year. (The University indicated to the auditors that it was their intent to report the \$11,943 as a carryover to fiscal year 2006.) As a result, the Department of Education reduced their FWS award by the \$11,943 that was reported as unexpended. The University had actually made qualifying expenditures during fiscal year 2006 and drawn the funds, but the Department of Education retroactively reduced the award after the FISAP was submitted.

We noted that the University requested and received \$851,225 (original FWS authorization) in reimbursements from the Department of Education for its fiscal year 2005 FWS program. Subsequent to those expenditures, the Department of Education reduced the fiscal year 2005 award to \$839,282.

Instructions issued by the U.S. Department of Education concerning preparation of the FISAP state that amounts entered on line 18, Unexpended FWS Authorization, will ultimately be deducted from the Agency's GAPS grantee account. In addition, the instructions indicate that amounts to be carried forward to the following fiscal year shall be reported on line 7, 2004-2005 Funds Carried Forward to be Spent in 2005-2006.

University officials stated that the incorrect reporting of the remaining fiscal year 2005 FWS Award was due to employee oversight.

Improper financial reporting resulted in an \$11,943 loss of Federal funds to the University and an overstatement of grants receivable on the University's financial statements. (Finding Code No. 06-1)

**Recommendation**

We recommend the University improve its procedures for reviewing federal financial reports prior to submission. We further recommend the University report the error to the Department of Education, and (if required), remit the excess funds drawn on the fiscal year 2005 FWS program and adjust the accounting records accordingly.

**University Response**

The University agrees with the recommendation to improve its procedures for reviewing federal financial reports prior to submission. The FWS program accounts have been adjusted to reflect the \$11,943 award reduction and the fiscal year 2005 excess funds draw has been reconciled with the Department of Education.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2006**

**CURRENT FINDINGS - STATE**

**06-2 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 35 employees' time sheets that were examined, 19 (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 it relied upon a memo members of the higher education community received 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." The University has also indicated that they are concerned as to whether the positive time reporting of salaried personnel potentially conflicts with prevailing labor law.

By not requiring positive time reporting sheets from all its employees, the University is not in compliance with the Act. (Finding Code Nos. 06-2, 05-04)

**Recommendation**

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

**University Response**

The University acknowledges the State Officials and Employees Ethics Act requires the adoption of personnel policies consistent with the Act. The University is reviewing the compliance of personnel policies for each employee group and the feasibility and advisability of expanding the time reporting system. This review will consider compliance issues related to the Fair Labor Standards Act, other relevant State and federal legislation, and any prevailing labor agreements. In addition, the University is in the early stages of replacing its current Human Resource Information System and that effort will include any significant change to the time reporting system.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2006**

**CURRENT FINDINGS - STATE**

**06-3 Finding: Inadequate Disaster Contingency Planning**

The University did not have an adequately developed and tested disaster contingency plan to ensure timely recovery of some critical computer systems. Specifically, the University had not fully developed and tested the disaster contingency plans for its network infrastructure, network authentication, e-mail and Web services.

The University had over \$26 million in computing equipment that is utilized to perform mission critical functions. Therefore, a comprehensive and thoroughly tested disaster contingency plan is essential for the University to ensure it meets its mission and objectives.

The University established a contingency plan, dated April 26, 2002. However, a review of the plan identified the following deficiencies:

- The Plan did not contain updated recovery procedures. For instance, it does not contain the steps necessary to restore data backups in the event of a disaster.
- The Plan did not contain recovery timeframes for critical applications. An analysis of the maximum allowable downtime for critical applications had not been performed.
- The Plan did not provide clear identification of key individuals responsible for recovery roles. In addition, no formal training had been done to familiarize vital staff with recovery procedures.
- The Plan did not arrange for alternate facilities in the event that the University campus facilities are unusable. Although many elements of the University's network infrastructure and e-mail services are redundant and housed in separate buildings on campus, these buildings are less than one mile apart, therefore, the possibility of losing both facilities in a disaster situation should be contemplated.

University personnel stated the plan had not been formally tested. In addition, we noted that although backups were performed, they were not maintained at an off-site location or within a fireproof vault.

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster contingency plans. Tests of disaster contingency plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe.

University personnel stated that it is currently reliant on the redundancy of its LAN resources located in separate building on campus to provide uninterrupted access to critical computer operations.

A comprehensively developed and tested contingency plan, thereby reducing the overall risk and potential damaging impact resulting from a disaster, is crucial for ensuring the University's computer operations can be recovered within a reasonable timeframe. Without an adequately developed and tested disaster contingency plan, there is a risk that critical functions may be delayed for an

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2006**

**CURRENT FINDINGS - STATE**

**06-3 Finding: Inadequate Disaster Contingency Planning (continued)**

extended period of time or may be unavailable to meet the needs of the University. (Finding Code No. 06-3)

**Recommendation**

We recommend the University assess its disaster contingency plan to ensure it is comprehensive and adequately addresses all platforms, including network configuration, and critical systems. A formal assessment of available resources for recovery purposes in relation to the critical systems should be performed, documented and tested to ensure adequate resources are available. Once completed, the University should update its contingency plan to address:

- Identification of key recovery personnel and assignment of specific tasks to individuals and key personnel that clearly outline their responsibilities;
- Predetermined acceptable recovery timeframes for prioritized critical applications;
- Alternate computing facilities should the University's primary computing facilities become inoperable; and,
- Adequate storage of data backups at a secure off-site location.

The University should ensure the disaster contingency plan is updated and tested at least annually in an effort to ensure key recovery personnel are adequately trained and to ensure the plan remains adequate for meeting the University's recovery needs.

In addition, we recommend the University perform routine recovery tests to ensure the University's contingency plan and resources available for recovery are adequate. Recovery tests should be performed at least annually. Testing results should be documented and the plan updated to address potential weaknesses noted during recovery testing.

**University Response**

The University agrees with the recommendation and will update the Campus Technology Support Group Disaster Recovery Plan, dated April 26, 2002, to more fully address disaster contingency plans for its network infrastructure, network authentication, e-mail and Web services. In this revision, the University will:

- Identify key recovery personnel and their specific assigned tasks to ensure responsibilities are clearly outlined
- Specify acceptable recovery timeframes for prioritized critical applications
- Develop options for establishment of an alternate computing facility in the event University computing facilities become inoperable



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2006**

**CURRENT FINDINGS - STATE**

**06-3 Finding: Inadequate Disaster Contingency Planning (continued)**

- Establish adequate storage of data backups at a secure off-site location

In addition, the plan will be tested regularly and revised as necessary.

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2006

PRIOR FINDINGS NOT REPEATED – STATE

**06-4 Finding: Failure to Complete Ethics Training Within Six Months of Employment**

During the prior period, the University failed to provide ethics training within six months of initial employment for individuals hired during fiscal year 2005. (Finding Code No. 05-1)

**Status:** Not repeated.

During our audit sample testing, we noted no instances where the University failed to provide ethics training as required.

**06-5 Finding: Property Control Reports**

During the prior period, the 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. (Finding Code No. 05-3)

**Status:** Not repeated.

During our audit sample testing, we noted no errors in the Agency Reports of State Property (C-15's) filed with the Office of the Comptroller. In addition we noted that the Real Property Utilization report was filed in a timely manner.

**06-6 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. (Finding Code No. 05-2)

**Status:** Not repeated.

Our audit sample testing, did not disclose any contracts which were missing required certifications and contracts on file with the Comptroller's Office indicated significant improvement.

**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
- Bookstore information
- 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)
- 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 Educational Activities
- Student Programs and Services
- Field Trips and Foreign Study

Service Departments

Auxiliary Facilities – Revenue Bonds:

- Student Housing
- Student Activities
- Parking Services

Auxiliary Facilities, Activities, and Accounting Entities

Summary of Foundation Payments to the University

Noninstructional Facilities Reserve

Disclosure of Support Which Auxiliary Facilities and Activities Have Received

During the Year from State Appropriated Funds

Illinois Institute for Entrepreneurship Education Financial Information

The 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, 2006**

<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 Grant	84.007		\$ 534,705	\$ -
* Federal Work Study Program	84.033		892,541	-
* Federal Pell Grant Program	84.063		8,443,668	-
* Federal Perkins Loan Program	84.038		10,482,412	-
* Federal Direct Student Loan Program	84.268		61,793,795	-
<b>U.S. Department of Health and Human Services</b>				
* Nursing Student Loans	93.364		266,693	-
* Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		21,592	-
Total Student Financial Aid			<u>82,435,406</u>	<u>-</u>
<b>OTHER PROGRAMS</b>				
<b>U.S. Department of Agriculture</b>				
** Grants for Agricultural Research Competitive Research Grants	10.206		40,973	-
National School Lunch Program				
(Passed through Illinois State Board of Education)	10.555	4400	21,414	-
Child and Adult Care Food Program				
(Passed through Illinois State Board of Education)	10.558	4400	5,162	-
** Environmental Quality Incentives Programs				
(Passed through The Nature Conservancy)	10.912	C05-46	396	-
Total U.S. Department of Agriculture			<u>67,945</u>	<u>-</u>
<b>U.S. Department of Commerce</b>				
Manufacturing Extension Partnership (Passed through Illinois Manufacturing Extension Center)	11.611	IMEC	54,462	-
Total U.S. Department of Commerce			<u>54,462</u>	<u>-</u>
<b>U.S. Department of Defense</b>				
** Military Medical Research and Development	12.420		245,621	3,312
Total U.S. Department of Defense			<u>245,621</u>	<u>3,312</u>
<b>U.S. Department of Housing and Urban Development</b>				
College Housing Debt Service	14.000		80,320	-
Total U.S. Department of Housing and Urban Development			<u>80,320</u>	<u>-</u>
<b>U.S. Department of the Interior</b>				
** U.S. Geological Survey-Research and Data Collection	15.808		2,350	-
** National Cooperative Geologic Mapping Program	15.810		10,553	-
Total for U.S. Department of the Interior			<u>12,903</u>	<u>-</u>
<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	3,543	-
Total for U.S. Department of Justice			<u>3,543</u>	<u>-</u>
<b>U.S. Department of Labor</b>				
WIA Dislocated Workers	17.260		3,175,807	2,515,455
WIA Dislocated Workers (Passed through XPAND Corporation)	17.260	XPAND	47,308	44,581
WIA Dislocated Workers (Passed through Chicago Women in Trades)	17.260	CWT/ISU	24,291	-
Total 17.260			<u>3,247,406</u>	<u>2,560,036</u>
Employment and Training Administration Pilots, Demonstrations, and Research Projects	17.261		32,336	-
Employment and Training Administration Pilots, Demonstrations, and Research Projects (Passed Through TATC Consulting)	17.261	J-9-M-0-0016	30,000	24,500
Total 17.261			<u>62,336</u>	<u>24,500</u>
Total for U.S. Department of Labor			<u>3,309,742</u>	<u>2,584,536</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006**

<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 Foundation of the Arts and Humanities</b>				
Promotion of the Humanities Public Programs	45.164		1,848	-
State Library Program (Passed through Illinois State Library)	45.310	06-3015 & GDTG	18,519	-
Total National Foundation of the Arts and Humanities			20,367	-
<b>National Science Foundation</b>				
** Mathematical and Physical Sciences	47.049		357,447	-
Mathematical and Physical Sciences (Passed through American Physical Society)	47.049	ISU	9,078	-
Total 47.049			366,525	-
Computer and Information Science and Engineering	47.070		16,279	-
** Biological Sciences	47.074		1,070,655	69,671
** Biological Sciences (Passed through Iowa State University)	47.074	420-40-04	18,331	-
Total 47.074			1,088,986	69,671
Education and Human Resources	47.076		758,894	37,037
** Education and Human Resources	47.076		28,272	-
** Education and Human Resources (passed through Chicago State University)	47.076	HRD-0000341,53327	39,962	-
Education and Human Resources (passed through University of Missouri)	47.076	CG004954	59,178	-
** Education and Human Resources (passed through Utah State University)	47.076	041447001	147,367	-
Total 47.076			1,033,673	37,037
Total National Science Foundation			2,505,463	106,708
<b>U.S. Small Business Administration</b>				
Small Business Development Center (passed through Illinois Department of Commerce and Economic Opportunity)	59.037	05-18106,06-561106	86,610	-
Total U.S. Small Business Administration			86,610	-
<b>Environmental Protection Agency</b>				
State Indoor Radon Grants (Passed through Illinois State Emergency Management Agency)	66.032	1289ISURAD	35,821	-
** Water Quality Cooperative Agreements (Passed through Illinois Department of Public Health)	66.463	45300567	(90,645)	(66,227)
Total for Environmental Protection Agency			(54,824)	(66,227)
<b>U.S. Department of Energy</b>				
** Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		27,113	-
Total U.S. Department of Energy			27,113	-
<b>U.S. Department of Education</b>				
Adult Education - State Grant Program (Passed through Illinois Community College Board)	84.002	AEL06004	350,690	34,456
Overseas Group Projects Abroad	84.021		2,699	-
TRIO- Student Support Services	84.042		246,644	-
Vocational Education - Basic Grants to States (Passed through Illinois Community College Board)	84.048	CTEL06001	224,100	-
Vocational Education - Basic Grants to States (Passed through Illinois State Board of Education)	84.048	4720	220,247	17,554
Total 84.048			444,347	17,554
Fund for Improvement of Postsecondary Education	84.116		123,757	8,712
** Safe and Drug-Free Schools and Communities - State Grants (Passed through Illinois State Board of Education)	84.186	4400	2,409	-
* Bilingual Education Professional Development	84.195		352,253	-

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006**

<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>				
Even Start-State Educational Agencies (Passed through Streator Elementary School)	84.213	Streator/ISU	3,569	-
Even Start-State Educational Agencies (Passed through Whiteside Regional Office of Education)	84.213	ROE/ISU	4,537	-
	Total 84.213		8,106	-
Fund for the Improvement of Education	84.215		22,994	-
** State Grants and Innovative Programs (Passed through Illinois State Board of Education)	84.298	4100	11,534	-
Special Education-State Personnel Development (Passed through International Center on Deafness and the Arts)	84.323	ICODA	49,889	-
* Research in Special Education	84.324		585,371	244,075
** Special Education Technology and Media Services for Individuals with Disabilities (Passed through American Institute for Research)	84.327	00024-1737	14,257	-
Teacher Quality Enhancement Grants	84.336		379,761	61,487
Transition to Teaching	84.350		466,002	-
Improving Teacher Quality State Grants (passed through Illinois Board of Higher Education)	84.367	04F983490007, 017,NC	599,713	7,759
Improving Teacher Quality State Grants (passed through Illinois State Board of Education)	84.367	4935-00,5450-51,	864,498	-
Improving Teacher Quality State Grants (passed through Peoria Public Schools District 150)	84.367	PPS-ISU	140,399	-
** Improving Teacher Quality State Grants (passed through Illinois State Board of Education)	84.367	4932	12,062	-
	Total 84.367		1,616,672	7,759
National Writing Project	84.928	92-IL03	45,722	-
Total U.S. Department of Education			4,723,107	374,043
<b>U.S. Department of Health and Human Services</b>				
** Applied Toxicological Research and Testing	93.114		38,614	-
Childhood Lead Poisoning Prevention Projects	93.197		634	-
** Mental Health Research Grants	93.242		109,794	-
* Advanced Education Nursing Grant Program	93.247		270,315	-
** Drug Abuse Research Programs	93.279		30,077	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283		146,402	65,206
** Centers for Disease Control & Prevention - Investigations & Technical Assistance (Passed through Illinois Department of Public Health)	93.283	57081010	26,808	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance (Passed through Illinois Department of Public Health)	93.283	63286007,57081010	9,429	-
	Total 93.283		182,639	65,206
Loan Repayment for Health Disparities Research (Passed through University of Illinois)	93.307	1P20MD00524-01	39,512	-
Advanced Education Nursing Traineeships	93.358		19,546	-
National Center for Research Resources	93.389		34,830	-
** Academic Research Enhancement Award	93.390		47,797	-
** Community-Based Child Abuse Prevention Grants (Passed through Illinois Department of Child and Family Services)	93.590	0815799024	29,351	-
* Child Welfare Services Training Grants	93.648		104,393	-
* Child Welfare Services Training Grants (Passed through University of Iowa)	93.648	1 27515 00	191	-
	Total 93.648		104,584	-
** Adoption Opportunities (Passed through Adoptions Unlimited)	93.652	06	16,822	-
** Diabetes, Endocrinology and Metabolism Research	93.847		11,624	-

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006**

<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 Health and Human Services (Continued)</b>				
** Kidney Diseases, Urology and Hematology Research (Passed through University of Missouri)	93.849	R01 DK37512-17	43,420	-
** Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		114,934	-
** Allergy, Immunology, and Transplantation Research	93.855		168,058	102,139
** Microbiology and Infectious Diseases Research	93.856		350,189	-
** Microbiology and Infectious Diseases Research (Passed through University of Florida)	93.856	UF-IFAS-04022551	127,285	-
	Total 93.856		<u>477,474</u>	<u>-</u>
** Biomedical Research and Research Training	93.859		89,685	-
Biomedical Research and Research Training	93.859		113,796	3,316
** Biomedical Research and Research Training (Passed through New Mexico State University)	93.859	PO004983	24,999	-
	Total 93.859		<u>228,480</u>	<u>3,316</u>
** Child Health and Human Development Extramural Research	93.865		70,669	-
** Child Health and Human Development Extramural Research (Passed through University of California - San Francisco)	93.865	4438SC	7,400	-
	Total 93.865		<u>78,069</u>	<u>-</u>
** Aging Research	93.866		84,404	-
** Medical Library Assistance (Passed through National Library of Medicine)	93.879	1G13LM008353-01	60,768	-
Health Programs to Prevent Spread of HIV and Other Important Health Problems (Passed through Illinois State Board of Education)	93.938	MY04432	39,397	-
** Agricultural Health and Safety Programs (Passed through Ohio State University)	93.956	RF No 746096	44,491	-
** Maternal and Child Health Services Block Grant to the States (Passed through Illinois Department of Human Services)	93.994	11G5571000	5,237	-
** Bioterrorism Training and Curriculum Development Program (Passed through HRSA)	93.996	TO1HP06424	53,086	25,000
Total U.S. Department of Health and Human Services			<u>2,333,957</u>	<u>195,661</u>
<b>Corporation for National and Community Service</b>				
Americorps (Passed through Jumpstart)	94.006	750100	34,762	-
Americorps (Passed through Western Illinois University)	94.006	5-16692	12,625	-
Total Corporation for National and Community Service			<u>47,387</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 95,899,122</u>	<u>\$ 3,198,033</u>

\* - 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, 2006**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity for the year ended June 30, 2006, 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, 2006. These loan balances outstanding are also included in the federal expenditures presented in this schedule.

	<b>Outstanding Balance at <u>June 30, 2006</u></b>
Nursing Student Loans	\$ 266,693
Perkins Loan Program	<u>10,482,412</u>
<b>Total loans outstanding</b>	<b><u>\$ 10,749,105</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	\$ 48,839,395
Direct Parent Loan for Undergraduate Students Program (PLUS)	<u>12,954,400</u>
<b>Total</b>	<b><u>\$ 61,793,795</u></b>

There were no administrative costs charged to the loan program.

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

During the audit period, the University received \$6,724 of food commodities provided by the United States Department of Agriculture, and distributed through the Food Distribution Program that is administered by the Illinois State Board of Higher Education.

**NOTE 5 - INSURANCE - NONCASH EXPENDITURES OF FEDERAL AWARDS**

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
For the Fourteen Months Ended August 31, 2006**

	Appropriations (net after transfers)	Expenditures through June 30, 2006	Lapse period Expenditures 7/1 - 8/31/06	Total Expenditures	Balances Lapsed
General revenue fund-001 (P.A. 94-0015)					
Personal services	\$ 71,652,000	\$ 70,931,413	\$ 720,587	\$ 71,652,000	\$ -
Group Insurance	3,078,300	3,078,300	-	3,078,300	-
Contractual Services	2,721,700	2,721,700	-	2,721,700	-
Commodities	300,000	300,000	-	300,000	-
Equipment	2,000,000	2,000,000	-	2,000,000	-
Telecommunications	200,000	200,000	-	200,000	-
Permanent improvements	500,000	500,000	-	500,000	-
<b>Total</b>	<b><u>\$ 80,452,000</u></b>	<b><u>\$ 79,731,413</u></b>	<b><u>\$ 720,587</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 UNIVERSTIY**  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND**  
**LAPSED BALANCES**  
**For the Year Ended June 30, 2006**

	Fiscal year	
	2006	2005
<b>General Revenue Fund - 001:</b>	P.A. 94-0015	P.A. 93-0842
Appropriations (net of transfers):	<b>\$ 80,452,000</b>	<b>\$ 80,452,000</b>
Expenditures:		
Personal Services	71,652,000	71,652,000
Group Insurance	3,078,300	3,078,300
Contractual Services	2,721,700	1,921,700
Commodities	300,000	300,000
Equipment	2,000,000	2,000,000
Telecommunications	200,000	500,000
Permanent Improvements	500,000	1,000,000
Total Expenditures	<b>80,452,000</b>	<b>80,452,000</b>
Lapsed balances	<b>\$ -</b>	<b>\$ -</b>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES -  
UNIVERSITY INCOME FUND  
Years Ended June 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>REVENUES</b>		
Registration fees	\$ 73,655,996	\$ 68,700,894
Registration - extension	392,775	316,262
Enrollment deposit fee forfeitures	16,145	18,702
Tuition and fees waived	3,317,800	3,084,600
Library fines	23,981	25,823
Investment income	629,360	270,270
Net increase (decrease) in fair market value of investments	(177,533)	30,728
Payments on behalf of University	837,013	882,152
Gifts and donations	386,291	1,611,758
Other	229,866	150,417
	<u>\$ 79,311,694</u>	<u>\$ 75,091,606</u>
<b>EXPENSES</b>		
Personal services	\$ 40,176,574	\$ 36,665,388
Medicare	1,362,329	1,286,722
Contractual services	17,524,310	14,869,037
Travel	1,207,311	931,562
Commodities	2,289,476	2,451,319
Equipment and library books	6,125,158	4,390,274
Operation of automotive equipment	1,082,675	324,990
Telecommunications services	398,013	793,542
Tuition and fees waived	3,317,800	3,084,600
Awards, grants, and matching funds	2,958,942	2,297,366
Permanent improvements	1,101,355	458,272
	<u>77,543,943</u>	<u>67,553,072</u>
Subtotal		
GASB #35 adjustments:		
Depreciation	9,688,349	8,481,683
Equipment additions/disposals	(5,563,409)	(3,031,327)
Capital lease interest	24,086	8,099
	<u>\$ 81,692,969</u>	<u>\$ 73,011,527</u>

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF CHANGES IN STATE PROPERTY  
For the Year Ended June 30, 2006**

Data for this schedule included 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	\$ 14,080,758	\$ 77,248	\$ -	\$ 14,158,006
Land improvements	16,734,470	624,315	-	17,358,785
Infrastructure	12,682,559	-	-	12,682,559
Buildings	336,038,658	15,601,535	375,614	351,264,579
Equipment	59,268,008	4,855,119	2,944,508	61,178,619
Library materials	57,552,376	3,316,335	-	60,868,711
Construction in progress	10,691,252	14,474,390	16,293,929	8,871,713
Subtotal	<u>507,048,081</u>	<u>\$ 38,948,942</u>	<u>\$ 19,614,051</u>	<u>526,382,972</u>
Less accumulated depreciation for:				
Land improvements	6,848,297	\$ 357,274	\$ -	7,205,571
Infrastructure	4,435,518	388,694	-	4,824,212
Buildings	152,535,917	7,227,624	34,014	159,729,527
Equipment	44,383,719	4,575,412	2,830,218	46,128,913
Library materials	43,774,752	2,233,673	-	46,008,425
Total accumulated depreciation	<u>251,978,203</u>	<u>\$ 14,782,677</u>	<u>\$ 2,864,232</u>	<u>263,896,648</u>
<b>Capital assets, net</b>	<u>\$ 255,069,878</u>			<u>\$ 262,486,324</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF CASH AND  
CASH EQUIVALENTS  
June 30, 2006 and 2005**

Significant details of cash and cash equivalents as of June 30, 2006 and 2005 are presented below for all funds of the University:

	<u>2006</u>		<u>2005</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>	\$ 225,509	Non-interest bearing	\$ 233,933	Non-interest bearing
<b>BANK MONEY MARKET FUNDS</b>				
National City Bank	4,844,841	4.743%	7,501,384	2.788%
Illinois Funds @ U.S. Bank	22,344,134	4.834%	24,860,226	2.882%
JPMorgan	<u>6,334,768</u>	4.870%	<u>1,085,142</u>	2.980%
Total bank money market funds	<u>33,523,743</u>		<u>33,446,752</u>	
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 33,749,252</u>		<u>\$ 33,680,685</u>	

Cash and cash equivalent balances are presented in the balance sheets at June 30, 2006 and 2005 as follows:

Current	\$ 33,749,252	\$ 33,680,685
Noncurrent	<u>-</u>	<u>-</u>
<b>TOTAL CASH AND CASH EQUIVALENT BALANCES</b>	<u>\$ 33,749,252</u>	<u>\$ 33,680,685</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF INVESTMENTS  
June 30, 2006 and 2005**

	<u>2006</u>		<u>2005</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
U.S. Treasury and agency obligations:				
Agency notes	<u>\$102,969,362</u>	1.594 – 5.595%	<u>\$44,884,365</u>	1.423 - 4.103%
<b>TOTAL INVESTMENTS</b>	<u><b>\$102,969,362</b></u>		<u><b>\$44,884,365</b></u>	

Investments are presented in the balance sheets at June 30, 2006 and 2005 as follows:

Current:		
Investments	\$26,268,451	\$22,878,642
Restricted investments	<u>19,283,840</u>	<u>-</u>
Noncurrent:		
Investments	44,390,121	22,005,723
Restricted investments	<u>13,026,950</u>	<u>-</u>
<b>TOTAL INVESTMENTS</b>	<u><b>\$102,969,362</b></u>	<u><b>\$44,884,365</b></u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSTIY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN CERTAIN REVENUE AND EXPENSE ACCOUNTS  
For the Year Ended June 30, 2006**

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>2006</u>	<u>2005</u>			
<b>Operating expenses:</b>					
Public service	\$ 15,367,448	\$ 12,057,416	\$ 3,310,032	27.45%	1
Academic support	11,213,328	10,002,030	1,211,298	12.11%	2
<b>Nonoperating revenues (expenses):</b>					
Investment Income	3,317,748	1,932,457	1,385,291	71.69%	3
Capital appropriations	4,707,663	11,829,104	(7,121,441)	-60.20%	4
Capital grants and gifts	1,877,947	6,861,075	(4,983,128)	-72.63%	5

**Notes**

- 1 Public service expenses increased by \$3,310,032. The majority of this increase is attributable to a grant for Retraining America's Workplace.
- 2 Expenditures for academic support increased by \$1,211,298. Costs associated with equipment purchases increased by \$540,129 and salaries increased by \$454,403.
- 3 Investment income increased by \$1,385,291. The increase can be attributed to an interest rate increase of approximately 2.0% during the year. Interest rates for FY06 averaged 4.0% in comparison to the average of 2.02% for FY05.
- 4 Capital appropriations decreased by \$7,121,441. Payments for the Schroeder Hall rehabilitation decreased by \$5,654,563 and payments for the Felmley Hall rehabilitation decreased by \$1,519,322.
- 5 Capital grants and gifts decreased by \$4,983,128. In FY05, the University recognized donations for the College of Business Building of \$5,243,468. Similar gifts were not received in FY06.



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING  
Year Ended June 30, 2006**

No significant lapse period spending was noted for the year ended June 30, 2006.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN CERTAIN ASSET AND LIABILITY ACCOUNTS  
June 30, 2006 and 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>2006</u>	<u>2005</u>			
<b>Assets:</b>					
Current assets:					
Investments	\$ 26,268,451	\$ 22,878,642	\$ 3,389,809	14.82%	1
Restricted Investments	19,283,840	-	19,283,840		2
Accounts Receivable	7,010,560	8,618,277	(1,607,717)	-18.65%	3
Appropriations receivable from State	1,319,001	12,063,362	(10,744,361)	-89.07%	4
Noncurrent assets:					
Investments	44,390,121	22,005,723	22,384,398	101.72%	5
Restricted Investments	13,026,950	-	13,026,950		6
<b>Liabilities:</b>					
Current liabilities:					
Accounts Payable and Accrued Liabilities	11,354,778	9,042,295	2,312,483	25.57%	7
Deferred Revenue	5,947,841	4,315,838	1,632,003	37.81%	8
Noncurrent liabilities:					
Revenue Bonds Payable	83,419,206	47,960,711	35,458,495	73.93%	9

**Notes**

- 1 Investments increased by \$3,389,809 as a result of increases in repair and replacement reserve balances that were available for investments.
- 2 Restricted investments increased by \$19,283,840 as a result of the 2006 Construction Bonds that were issued in March.
- 3 Accounts receivable decreased by \$1,607,717 as a result of reimbursements receivable being more timely.
- 4 Appropriations receivable decreased by \$10,744,361. In FY05, the University experienced delays in reimbursements for payroll. In FY06, the State was current in their payments.
- 5 Long-term investments increased by \$22,384,398. This increase is due to an effort to increase bond revenue repair and replacement reserves for the long range plan for rehabilitation of the residence halls.
- 6 Restricted investments increased by \$13,026,950 as a result of the 2006 Construction Bonds that were issued in March.
- 7 Accounts payable and accrued liabilities increased by \$2,312,483 due to timing of large construction contracts payable.
- 8 Deferred revenues increased by \$1,632,003. This increase can be attributed to increased enrollment and offerings of the University's summer school program.
- 9 Revenue Bonds Payable increased by \$35,458,495 as a result of the University issuing \$39,625,000 of bonds in March for construction.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF RECEIVABLES AND  
AGED ANALYSIS OF RECEIVABLES  
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>
<b>ACCOUNTS RECEIVABLE</b>			
Current funds:			
Local funds (less allowance for doubtful accounts of \$1,134,625 and \$1,063,656 at June 30, 2006 and 2005, respectively)	\$ 3,399,367	\$ 4,446,968	\$(1,047,601)
Auxiliary facilities system (less allowance for doubtful accounts of \$771,215 and \$742,600 at June 30, 2006 and 2005, respectively)	1,517,622	1,787,787	(270,165)
Restricted funds	1,659,164	1,789,856	(130,692)
Payroll and clearing accounts	<u>48,877</u>	<u>76,693</u>	<u>(27,816)</u>
Total current funds	6,625,030	8,101,304	(1,476,274)
Agency funds	381,591	501,554	(119,963)
Loan funds	<u>3,939</u>	<u>15,419</u>	<u>(11,480)</u>
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<u>\$ 7,010,560</u>	<u>\$ 8,618,277</u>	<u>\$(1,607,717)</u>
<b>NOTES RECEIVABLE</b>			
Loan funds:			
Student loans receivable (less allowance for doubtful loans of \$879,784 and \$911,784 at June 30, 2006 and 2005, respectively)	<u>\$ 9,929,025</u>	<u>\$ 9,928,113</u>	<u>\$ 912</u>

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

The University did not have an aged analysis of accounts receivable; however, accounts receivable other than tuition, room and board, and fees receivable are generally less than 180 days old and considered to be collectible. An allowance for doubtful accounts of \$945,204 and \$884,693 at June 30, 2006 and 2005, respectively, has been established for tuition receivable deemed uncollectible. An allowance for doubtful accounts of \$546,916 and \$521,474 at June 30, 2006 and 2005, respectively, has been established for room and board receivable deemed uncollectible. An additional allowance for doubtful accounts of \$413,720 and \$400,089 at June 30, 2006 and 2005, respectively, has been established for fees receivable deemed uncollectible.

Notes receivable are presented in the balance sheets at June 30, 2006 and 2005 as follows:

	<u>2006</u>	<u>2005</u>
Current	\$ 1,970,528	\$ 1,722,235
Noncurrent	<u>7,958,497</u>	<u>8,205,878</u>
	<u>\$ 9,929,025</u>	<u>\$ 9,928,113</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
AGENCY FUNCTIONS AND PLANNING PROGRAM  
June 30, 2006**

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 2006-2011 and can be found at [http://www.provost.ilstu.edu/academic\\_plan/academicplan2006\\_2011.pdf](http://www.provost.ilstu.edu/academic_plan/academicplan2006_2011.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 2007 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 2006, program reviews were completed on the following programs: B.S. in Computer Science, B.S. in Information Systems, M.S. in Information Systems, B.S. in Telecommunications Management, B.A. in French, B.A. in German, B.A. in Spanish, M.A. in Foreign Languages, Center for Information Systems Technology, Center for Insurance and Financial Services, and Center for Mathematics.

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 accomplishments 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  
June 30, 2006**

- *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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT)  
Years Ended June 30, 2006 and 2005**

(Unaudited)\*

	<u>Instructional Activities</u>	<u>Organized Research</u>	<u>Public Service</u>
<b>YEAR ENDED JUNE 30, 2006</b>			
Appropriated funds:			
Faculty/administrative	1,111.80	31.30	38.80
Civil service	204.90	3.10	8.50
Student employees	85.00	1.20	.20
Miscellaneous contracts	8.00	17.10	.10
	<u>1,409.70</u>	<u>52.70</u>	<u>47.60</u>
Nonappropriated funds:			
Faculty/administrative	70.50	130.40	62.50
Civil service	20.50	34.70	19.40
Student employees	23.60	18.00	10.30
	<u>114.60</u>	<u>183.10</u>	<u>92.20</u>
<b>TOTAL ALL FUNDS</b>	<u>1,524.30</u>	<u>235.80</u>	<u>139.80</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	31.30	18.20	.50
	<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	21.00	20.60	10.50
	<u>103.20</u>	<u>195.60</u>	<u>83.50</u>
<b>TOTAL ALL FUNDS</b>	<u>1,523.20</u>	<u>245.30</u>	<u>131.50</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>
37.80	56.50	63.70	5.40	-	1,345.30
85.00	28.90	122.90	170.70	-	624.00
14.90	8.50	20.00	7.90	-	137.70
0.80	1.10	3.40	18.30	-	48.80
<u>138.50</u>	<u>95.00</u>	<u>210.00</u>	<u>202.30</u>	<u>-</u>	<u>2,155.80</u>
2.60	111.70	6.40	1.50	37.70	423.30
-	67.70	27.30	186.50	186.20	542.30
4.70	53.80	1.20	17.60	251.60	380.80
<u>7.30</u>	<u>233.20</u>	<u>34.90</u>	<u>205.60</u>	<u>475.50</u>	<u>1,346.40</u>
<u>145.80</u>	<u>328.20</u>	<u>244.90</u>	<u>407.90</u>	<u>475.50</u>	<u>3,502.20</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>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANNUAL COST STATISTICS  
June 30, 2006 and 2005**

(Unaudited)

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

	<u>2006</u>	<u>2005</u>
Total education and general expenses/expenditures from current appropriated funds	\$ 80,683,356*	\$ 80,694,214*
Expenses/expenditures from locally held University Income Fund	<u>77,543,943</u>	<u>67,553,072</u>
	158,227,299	148,247,286
Full-time equivalent students	÷ <u>18,388</u>	÷ <u>18,465</u>
 <b>COST PER FULL-TIME EQUIVALENT STUDENT</b>	 <b><u>\$ 8,605</u></b>	 <b><u>\$ 8,029</u></b>

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



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMERGENCY PURCHASES  
For the Years Ended June 30, 2006 and 2005**

In Fiscal Year 2006, the University had an emergency purchase to repair ceiling collapses at McCormick Hall in the amount of \$74,274. In Fiscal Year 2005, the University had an emergency purchase of cattle for research at the University farm in the amount of \$61,425.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
BOOKSTORE INFORMATION  
For the Year Ended June 30, 2006**

(Unaudited)

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

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

During Fiscal Year 2005, the bookstore had gross sales of \$2,932,156, the University received commissions of \$263,894. The contract with the bookstore gives the contractor exclusive rights to sell books on campus, however there is a competing bookstore near campus.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2006**

(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>\$156,032,200</u>
Faculty FTE - Fall 2005	<u>929.2</u>
Lab School FTE - Fall 2005	<u>98.6</u>
Admin/Professional FTE - Fall 2005	<u>628.9</u>
Civil Service FTE - Fall 2005	<u>1,358.6</u>
Fall 2005 Enrollment	<u>20,265</u>
Undergraduate Direct Instruction Costs	<u>\$ 33,292,734*</u>
Graduate Direct Instruction Costs	<u>\$ 5,332,626*</u> *FY06 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 resident will be denied an opportunity for a college education because of financial need.
4. Illinois will increase the number and diversity of residents completing training and education programs.
5. Illinois colleges and universities will be accountable for providing high quality academic programs and the 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. Fiscal Year 2006 degrees awarded 4,975
8. Undergraduate credit hours 495,946
9. Graduate credit hours 40,085

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2006**

(Unaudited)

**Outcome Indicators:**

Illinois State University's *Fiscal Year 2006 Performance Report* summarizes institutional contributions to the six statewide policy priorities outlined in The Illinois Board of Higher Education's *Illinois Commitment*. 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 2006.

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

- Illinois State University was listed in spring 2006 among the 100 best values in public colleges in the country by *Kiplinger's Personal Finance*. The University was listed in *Kiplinger's* previous ranking as well.
- Several national organizations recognized faculty and staff and their respective programs with awards for excellence. The University's public radio station, WGLT, was recognized by the Radio and Television News Directors Association and the Associated Press; the Department of Physics was recognized by the American Physical Society; a Guggenheim Fellowship Award was granted to an Associate Professor in Art; Sociology faculty were noted for their teaching scholarship productivity; and faculty in the School of Communication received the inaugural Walter Cronkite Civil Engagement Leadership Award.
- The University received its largest individual gift ever, a \$5.9 million trust that will support the creation of the Genevieve Green Gardens at Ewing Cultural Center.
- The University secured \$20.4 million in external grants and contracts, including funds to support continued work to enhance teacher preparation, address the nursing workforce shortage, and provide continuing education in geriatric care best practices.

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

- The University's College of Education received a \$2.5 million federal grant in support of the Professional Articulation for Recruiting/Retaining Teachers for Neighborhood engagement and Renewal (PARTNER) project. With the support of this grant, the College of Education will work with the Chicago Public Schools, Little Village Community Development Corporation, Golden Apple Foundation, National Boards Resource Center, Truman and Daley Colleges, State Farm, and the Local Initiatives Support Corporation to address pre-college, lower division, upper division, and program graduates recruitment; scholarship and support; employment practices; support of new teachers; assessment; and program evaluation. Work teams will produce materials and design workshops that support the needs of community members, as well as design and implement structures for current teachers such as professional development and mentoring to improve professional practice and retention in hard-to-staff schools.

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ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2006**

(Unaudited)

- University students completed their senior year in a new, national model for university-school-community partnerships to improve teacher preparation programs and P-12 student achievement. The Little Village Educational Partnership is a collaborative venture among a number of University partners, including the Chicago Public Schools, Little Village Community Development Corporation, Local Initiatives Support Corporation, and State Farm. Future teachers in their senior year at Illinois State enter into a year-long student teaching experience, becoming involved in after-school clubs and sports with the children in their classrooms in the Little Village neighborhood. Another aspect of the collaboration involves a program in which Chicago area students can start their college education at City Colleges and then transfer to Illinois State.
- The Special Education Department captured over \$1 million in external funding from the Illinois State Board of Education and the National Assistive Technology Coalition to support technical assistance and professional development in the areas of autism, assistive technology, and school reform. The Special Education Assistive Technology (SEAT) Center provides training and technical assistance to pre-service and practicing educators throughout Illinois and the nation.
- A faculty member in the University's Department of Curriculum and Instruction was one of seven members of the National Middle School Association (NMSA) Teacher Preparation Advisory Board, which has stressed the need for specialized professional preparation of teachers for young adolescents and identified the components essential for effective middle school teacher preparation programs.
- The College of Education advanced in the *U.S. News and World Report* ranking of top graduate schools: the College ranked 77<sup>th</sup> up from 93<sup>rd</sup> last year. Rankings are based on quality assessment, student selectivity, faculty resources, and research activity.
- The National Board Resource Center at Illinois State University is one of five national centers established by the National Board for Professional Teaching Standards (NBPTS). With grant support of approximately \$870,000 from the Illinois State Board of Education, the University offered a comprehensive NBPTS support system to increase the number of NBPTS candidates in Illinois.

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

- Illinois State 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. The average student loan debt of FY2004 graduates was \$14,620.
- The University allocated \$2.25 million in FY2006 – up from \$1.25 million in FY2004 – to supplement Monetary Award Program (MAP) grants for financially needy students. The maximum MAP grant available from the State for financially needy students covered 63 percent of the University's tuition and fees in FY2006.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2006**

(Unaudited)

- The tuition rates approved by the Illinois State University Board of Trustees in May 2006 for new, in-state undergraduate students in fall 2006 will be guaranteed for four years in accordance with State law. The University extends a four-year guarantee to student fees as well. Tuition and fee rates for new undergraduates in fall 2006 will be \$30.75 higher per credit hour than the rate charged new students in fall 2005, an increase of 13.6 percent or an average annual increase over four years of approximately 3.3 percent.
- The University piloted an initiative in summer 2005 to increase summer school offerings and thereby assist students to proceed more quickly toward degree completion and to reduce students' overall costs for completing a degree.

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

- The University created, with funding from the Archer Daniels Midland Company, a new scholarship program for minority students with an interest in food and agribusiness related studies.
- The University's Center for Specialized Professional Support received a national award for its recruiting and retention efforts for individuals working toward nontraditional careers. The Center was recognized for its "Nontraditional Look Project" that encourages partnerships to recruit and retain students preparing for high-wage, high-skills occupations, such as male learners in health-related programs and women in aviation technology, automotive technology, and science and criminal justice. Professional development, technical support, specialized resources, and financial assistance are provided through the project.
- The total number of minority students increased from 2,125 in fall 2003 to 2,229 in fall 2005 – an increase of 4.9 percent. Minority students represent an increasing portion of the students enrolled at Illinois State; minority students comprised 11.3 percent of total undergraduate enrollment in fall 2005 – up from 10.5 percent in fall 2003.
- Demand for an Illinois State University education continues to increase. The number of completed applications for undergraduate study increased from 13,548 in fall 2003 to 14,074 in fall 2005 – an increase of 3.9 percent. The diversity of those completing an application has increased as well – from 15 percent in fall 2003 to 18 percent in fall 2005 of undergraduates completing applications. The number of applications completed by those wishing to enroll in graduate programs totaled 1,619, approximately the same as in fall 2003, but up substantially from 1,383 in fall 2001.

**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.**

- The University received formal notification of its continued accreditation from the North Central Association: a full, ten-year accreditation.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2006**

(Unaudited)

- The University's Council for the First-Year Experience, created by the Provost in May 2005, completed an electronic resource guide for faculty teaching first-year students. The guide includes a timeline of events and programs that first-year students experience, insights about the transitions students experience in their first year of college, advice on how to respond to students in distress, and information about campus resources and the millennial generation.
- Illinois State University faculty and students were recognized nationally during the last year for the quality of their work. Among the recognitions are:
  - The American Physical Society recognized Illinois State University and two professors from the Department of Physics with its Undergraduate Research Prize. This award, which is given annually to only one institution, cites the professors "outstanding effort at creating a successful and renowned optical theory program at Illinois State University, and for their exemplary involvement of undergraduates in research."
  - A study of the most influential Sociology departments in American colleges and universities placed Illinois State University's Sociology faculty in the top 20 in terms of teaching scholarship productivity and in the top 10 in terms of citation impact of their work.
  - An Associate Professor in Art received a Guggenheim Fellowship Award.
  - The University, the School of Communication within the College of Arts and Sciences, and the Documentary Project received the FYI – FILM YOUR ISSUE inaugural Walter Cronkite Civil Engagement Leadership Award, which recognizes institutions that encourage students to participate in the democratic process by helping them create issues films. The Documentary Project collaborates with various units to produce documentaries that celebrate civic engagement.
- The Administrative Leadership Program was created with the goal of producing even more professional administrative corps at the University. The program has provided professional development opportunities for many administrators, including Department Chairs.
- The University completed a comprehensive assessment of academic advisor services.
- The University's College of Business completed *Standards of Professional Behavior and Ethical Conduct* setting forth a set of principles and expectations for administrators, faculty, staff, and students.

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

- The University successfully implemented the first phase of its multi-year plan to enhance the competitiveness of faculty and staff salaries. The first phase of the plan targeted additional resources to increase salaries of professors, associate professors, civil service employees, and administrative/professional staff. Funds were used to bring salaries at Illinois State University closer to the salaries of faculty and staff at peer institutions.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2006**

(Unaudited)

- The University received a Green Government Award from the Illinois Green Government Coordinating Council in recognition of the campus' environmental achievements in the areas of energy efficiency and general achievements. Among the activities undertaken that supported this recognition: energy conservation projects such as lighting upgrades, steam trap replacements, and insulation of steam pipes and mechanical systems.
- Remodeling of the west wing of Schroeder Hall was completed in fall 2005; faculty offices were moved back to the facility in time for classes to be offered in spring 2006 – approximately a year ahead of schedule.
- Implementation of the *Long Range Plan for Housing and Dining* proceeded as planned: renovation of Wilkins Hall was completed, and Wilkins Hall was home to 400 students in FY2006.
- The Accreditation Association for Ambulatory Health Care, Inc. awarded a three-year term of accreditation to the University's Student Health Services; accreditation is a measure of the quality of the services provided and performance against nationally recognized standards.
- The University initiated a paperless application and employment process for civil service, administrative/professional, and student employee groups, reducing both the time and costs associated with processing employment application materials. The Offices of Admissions, Financial Aid, and the Registrar initiated a project to utilize document imaging technologies to create yet additional paperless processes.

**Efficiency Cost Effective Indicators:**

Undergraduate Direct Instruction Cost/Credit Hour	\$67.15
Graduate Direct Instruction Cost/Credit Hour	\$133.04
	FY06 Data

- Eighty-four percent of the fall 2005 new freshmen return to Illinois State University for a second year of enrollment in fall 2006.
- Sixty-four percent of the new freshmen graduate from the University within six years. Of these graduates 57 percent graduate in four years, 37 percent graduate in five years and 6 percent graduate in six years.

**Explanatory Information:**

In Fall 2005, the University enrolled students from 48 states and 76 countries. Fifty-four 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 23.8 with 79 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, 2006**

	<u>Fiscal Year 2006</u>		<u>Fiscal Year 2005</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Federal expenditures	\$ 23,356,222	7.0%	\$ 22,685,689	7.2%
Nonfederal expenditures	<u>309,229,397</u>	<u>93.0</u>	<u>293,574,188</u>	<u>92.8</u>
<b>TOTAL</b>	<u><b>\$332,585,619</b></u>	<u><b>100.0%</b></u>	<u><b>\$316,259,877</b></u>	<u><b>100.0%</b></u>

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>2006</u>	<u>2005</u>
Nursing Student Loans	\$ 266,693	\$ 310,553
Perkins Loan Program	10,482,412	10,485,686
Direct Loan Program	<u>61,793,795</u>	<u>58,385,787</u>
	<u><b>\$72,542,900</b></u>	<u><b>\$69,182,026</b></u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SUMMARY OF AGENCY OPERATIONS BY FUNCTION  
OF PROGRAM ACTIVITY  
STUDENT ENROLLMENT STATISTICS  
Years Ended June 30, 2006 and 2005**

(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>2005-2006</u></b>	<b><u>2004-2005</u></b>
All students, including extension	<u>20,653</u>	<u>20,757</u>
	<b>Full-time Students Equivalent</b>	
	<b><u>2005-2006</u></b>	<b><u>2004-2005</u></b>
All students, including extension	<u>18,388</u>	<u>18,465</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
UNDERGRADUATE TUITION AND FEE WAIVERS  
For the Year Ended June 30, 2006**

(Unaudited)

	<b>Total Number of Recipients*</b>	<b>Tuition Waived</b>		<b>Fees Waived</b>	
		<b>(In Thousands of Dollars)</b>			
	<b>Number of Recipients*</b>	<b>Value of Waivers</b>	<b>Number of Recipients*</b>	<b>Value of Waivers</b>	
<b>Mandatory Waivers</b>					
Teacher Special Education	285	285	\$ 1,330.6	285	\$ 452.2
General Assembly	158	158	787.5	-	-
Reserve Officer's Training Corps	50	50	227.9	-	-
Wards of Illinois Department of Children and Family Services	14	14	27.5	14	4.4
Veterans Grants	487	487	808.9	-	-
Children of Employees	<u>292</u>	<u>292</u>	<u>607.8</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>1,286</u>	<u>1,286</u>	<u>3,790.2</u>	<u>299</u>	<u>456.6</u>
<b>Discretionary Waivers</b>					
Faculty/Administrators (Non-Civil Service)	6	6	3.3	5	0.9
Civil Service	68	68	75.6	63	22.1
Children of Deceased Employees	2	2	2.5	2	0.5
Athletic	301	301	1,156.2	-	-
Academic/Other Talent	471	471	1,136.5	23	1.0
Foreign Exchange Students	32	32	86.8	-	-
Out-of-State Students	8	8	32.8	6	7.0
Teaching Assistance	4	4	9.8	-	-
Retired University Employees	<u>1</u>	<u>1</u>	<u>2.1</u>	<u>1</u>	<u>0.6</u>
(subtotal)	<u>893</u>	<u>893</u>	<u>2,505.6</u>	<u>100</u>	<u>32.1</u>
<b>Total</b>	<u><b>2,179</b></u>	<u><b>2,179</b></u>	<u><b>\$ 6,295.8</b></u>	<u><b>399</b></u>	<u><b>\$ 488.7</b></u>

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
GRADUATE TUITION AND FEE WAIVERS  
For the Year Ended June 30, 2006**

(Unaudited)

	<b>Total Number of Recipients*</b>	<b>Tuition Waived</b>		<b>Fees Waived</b>	
		<b>Number of Recipients*</b>	<b>Value of Waivers</b>	<b>Number of Recipients*</b>	<b>Value of Waivers</b>
<b>(In Thousands of Dollars)</b>					
<b>Mandatory Waivers</b>					
Teacher Special Education	15	15	\$ 55.8	15	\$ 18.0
General Assembly	1	1	8.5	-	-
Veterans Grants	40	40	55.6	-	-
(subtotal)	56	56	119.9	15	18.0
<b>Discretionary Waivers</b>					
Faculty/Administrators (Non-Civil Service)	136	136	191.8	122	52.9
Civil Service	58	58	78.3	53	21.6
Cooperating Professionals	494	494	550.0	-	-
Athletic	7	7	22.1	-	-
Academic/Other Talent	541	541	595.1	126	25.6
Foreign Exchange Students	39	39	123.3	-	-
Graduate Assistants - Research	499	499	1,765.8	-	-
Graduate Assistants - Teaching	212	212	647.0	-	-
Graduate Assistants - Other	279	279	895.2	-	-
Retired University Employees	5	5	2.2	2	0.2
(subtotal)	2,270	2,270	4,870.8	303	100.3
<b>Total</b>	<b>2,326</b>	<b>2,326</b>	<b>\$ 4,990.7</b>	<b>318</b>	<b>\$ 118.3</b>

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
DEBT FINANCED BY UNIVERSITY RELATED ORGANIZATION  
For the Year Ended June 30, 2006**

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.	\$ 240,000
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Less current installments	<u>                    </u>
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<b>Long-term debt, less current installments</b>	<b><u>\$ 240,000</u></b>
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Future maturities of long-term debt are as follows:

2007	<u>\$ 240,000</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, 2006 and 2005**

In Fiscal Years 2006 and 2005, 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.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET ASSETS - LOCAL FUNDS  
JUNE 30, 2006**

	<b>Indirect Cost Support</b>	<b>Continuing Education &amp; Public Service</b>	<b>Sales &amp; Service of Educational Activities</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,886,161	\$ 2,483,734	\$ 1,208,432
Investments	-	-	-
Accrued interest receivable	-	-	-
Accounts receivable, net	-	147,669	13,381
Appropriations receivable from State	-	-	-
Inventories	-	35,535	21,340
Prepaid expenses and deposits	10,475	26,823	5,825
Deferred charges and obligations	-	-	-
<b>Total current assets</b>	<b>1,896,636</b>	<b>2,693,761</b>	<b>1,248,978</b>
Noncurrent Assets:			
Investments	-	-	-
Capital assets, net	-	-	-
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>1,896,636</b>	<b>2,693,761</b>	<b>1,248,978</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	198,832	379,773	133,853
Obligations payable	-	-	-
Obligations under capital leases	-	-	-
Assets held in custody for others and deposits	-	-	-
Deferred revenue	-	638,345	2,754
Accrued compensated absences	91	16,622	1,715
<b>Total current liabilities</b>	<b>198,923</b>	<b>1,034,740</b>	<b>138,322</b>
Noncurrent Liabilities:			
Accrued compensated absences	691	126,175	13,020
Obligations under capital leases	-	-	-
<b>Total noncurrent liabilities</b>	<b>691</b>	<b>126,175</b>	<b>13,020</b>
<b>Total liabilities</b>	<b>199,614</b>	<b>1,160,915</b>	<b>151,342</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	1,697,022	1,532,846	1,097,636
<b>Total net assets</b>	<b>\$ 1,697,022</b>	<b>\$ 1,532,846</b>	<b>\$ 1,097,636</b>

<u>Student Programs &amp; Services - University</u>	<u>Student Programs &amp; Services - High School</u>	<u>Field Trip &amp; Foreign Study Activities</u>	<u>Income Fund</u>	<u>Payroll Fund</u>	<u>Local Funds Total</u>
\$ 2,198,583	\$ 39,741	\$ 812,686	\$ 763,781	\$ (48,877)	\$ 9,344,241
-	-	-	12,651,109	-	12,651,109
-	-	-	231,584	-	231,584
645,371	1,499	26,844	3,359,267	48,877	4,242,908
-	-	-	598,414	-	598,414
102,625	-	-	-	-	159,500
68,850	-	1,208	129,115	-	242,296
-	-	-	214,352	-	214,352
<u>3,015,429</u>	<u>41,240</u>	<u>840,738</u>	<u>17,947,622</u>	<u>-</u>	<u>27,684,404</u>
1,961,250	-	-	2,921,250	-	4,882,500
-	-	-	167,082,067	-	167,082,067
<u>1,961,250</u>	<u>-</u>	<u>-</u>	<u>170,003,317</u>	<u>-</u>	<u>171,964,567</u>
<u>4,976,679</u>	<u>41,240</u>	<u>840,738</u>	<u>187,950,939</u>	<u>-</u>	<u>199,648,971</u>
395,187	26,520	80,738	2,342,467	-	3,557,370
-	-	-	214,352	-	214,352
-	-	-	219,221	-	219,221
131,636	-	-	-	-	131,636
431,191	-	717,267	1,991,406	-	3,780,963
103,024	57	294	1,259,236	-	1,381,039
<u>1,061,038</u>	<u>26,577</u>	<u>798,299</u>	<u>6,026,682</u>	<u>-</u>	<u>9,284,581</u>
782,022	431	2,235	12,323,415	-	13,247,989
-	-	-	330,683	-	330,683
<u>782,022</u>	<u>431</u>	<u>2,235</u>	<u>12,654,098</u>	<u>-</u>	<u>13,578,672</u>
<u>1,843,060</u>	<u>27,008</u>	<u>800,534</u>	<u>18,680,780</u>	<u>-</u>	<u>22,863,253</u>
-	-	-	166,532,163	-	166,532,163
3,133,619	14,232	40,204	2,737,996	-	10,253,555
<u>\$ 3,133,619</u>	<u>\$ 14,232</u>	<u>\$ 40,204</u>	<u>\$ 169,270,159</u>	<u>\$ -</u>	<u>\$ 176,785,718</u>



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - LOCAL FUNDS  
YEAR ENDED JUNE 30, 2006**

	<b>Indirect Cost Support</b>	<b>Continuing Education &amp; Public Service</b>	<b>Sales &amp; Service of Educational Activities</b>
<b>OPERATING REVENUES</b>			
Student tuition and fees, net	\$ -	\$ 33,636	\$ -
Sales and services of educational activities	-	-	2,185,442
Other operating revenues	1,915,090	8,170,409	-
<b>Total operating revenues</b>	<b>1,915,090</b>	<b>8,204,045</b>	<b>2,185,442</b>
<b>OPERATING EXPENSES</b>			
Educational and General			
Instruction	-	661,292	1,361,600
Research	741,409	24,123	85,262
Public service	-	5,131,670	331,786
Academic support	57,996	63,020	215,519
Student services	-	247,545	31,890
Institutional support	117,265	238,555	-
Operation and maintenance of plant	459,123	160,762	506
Depreciation	-	-	-
Staff benefits	(54,265)	57,879	6,932
Student aid	1,400	5,950	4,725
Other operating expenditures	-	1,823,003	-
<b>Total operating expenses</b>	<b>1,322,928</b>	<b>8,413,799</b>	<b>2,038,220</b>
<b>Operating income (loss)</b>	<b>592,162</b>	<b>(209,754)</b>	<b>147,222</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Payments on behalf of the University - Foundation	-	-	-
Laboratory Schools	-	-	-
Gifts and donations	-	3,099	-
Investment income, net of investment expenses	79,584	24,296	5,085
Interest expense	-	-	-
Other nonoperating revenues	-	66,130	7,021
<b>Net nonoperating revenues</b>	<b>79,584</b>	<b>93,525</b>	<b>12,106</b>
<b>Income (Loss) before capital items</b>	<b>671,746</b>	<b>(116,229)</b>	<b>159,328</b>
Capital appropriations	-	-	-
Capital grants and gifts	-	-	-
<b>Total capital items</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>671,746</b>	<b>(116,229)</b>	<b>159,328</b>
<b>NET ASSETS</b>			
<b>Net assets - beginning of year</b>	<b>1,025,276</b>	<b>1,649,075</b>	<b>938,308</b>
<b>Net assets - end of year</b>	<b>\$ 1,697,022</b>	<b>\$ 1,532,846</b>	<b>\$ 1,097,636</b>

<b>Student Programs &amp; Services - University</b>	<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>
\$ 17,075,799	\$ -	\$ 904,838	\$ 77,382,717	\$ 95,396,990
-	7,637	-	-	2,193,079
7,950,444	147,407	403,446	212,218	18,799,014
<u>25,026,243</u>	<u>155,044</u>	<u>1,308,284</u>	<u>77,594,935</u>	<u>116,389,083</u>
383,252	-	1,325,795	46,304,462	50,036,401
-	641,591	-	345,207	1,837,592
1,874	-	-	136,431	5,601,761
-	-	-	118,932	455,467
22,900,067	-	-	323,804	23,503,306
-	-	-	9,125,824	9,481,644
239,414	-	-	9,862,108	10,721,913
-	-	-	9,688,349	9,688,349
25,356	1,303	3,015	(492,641)	(452,421)
2,218,426	-	-	6,256,407	8,486,908
-	-	-	-	1,823,003
<u>25,768,389</u>	<u>642,894</u>	<u>1,328,810</u>	<u>81,668,883</u>	<u>121,183,923</u>
<u>(742,146)</u>	<u>(487,850)</u>	<u>(20,526)</u>	<u>(4,073,948)</u>	<u>(4,794,840)</u>
-	-	-	837,013	837,013
-	390,196	-	-	390,196
7,474	-	-	386,291	396,864
97,684	2,962	-	451,826	661,437
-	-	-	(24,086)	(24,086)
538,180	-	-	41,629	652,960
<u>643,338</u>	<u>393,158</u>	<u>-</u>	<u>1,692,673</u>	<u>2,914,384</u>
<u>(98,808)</u>	<u>(94,692)</u>	<u>(20,526)</u>	<u>(2,381,275)</u>	<u>(1,880,456)</u>
-	-	-	4,707,663	4,707,663
-	-	-	993,280	993,280
-	-	-	5,700,943	5,700,943
(98,808)	(94,692)	(20,526)	3,319,668	3,820,487
<u>3,232,427</u>	<u>108,924</u>	<u>60,730</u>	<u>165,950,491</u>	<u>172,965,231</u>
<u>\$ 3,133,619</u>	<u>\$ 14,232</u>	<u>\$ 40,204</u>	<u>\$ 169,270,159</u>	<u>\$ 176,785,718</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET ASSETS - SERVICE DEPARTMENTS  
JUNE 30, 2006**

	<b><u>Service Departments</u></b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 3,821,397
Accounts receivable, net	194,777
Inventories	1,760,695
Prepaid expenses and deposits	<u>190,624</u>
Total current assets	<u>5,967,493</u>
Noncurrent Assets:	
Capital assets, net	<u>3,283,490</u>
Total noncurrent assets	<u>3,283,490</u>
Total assets	<u>9,250,983</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	727,683
Deferred revenue	170,022
Accrued compensated absences	<u>139,604</u>
Total current liabilities	<u>1,037,309</u>
Noncurrent Liabilities:	
Accrued compensated absences	<u>1,148,191</u>
Total noncurrent liabilities	<u>1,148,191</u>
Total liabilities	<u>2,185,500</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	3,283,490
Unrestricted	<u>3,781,993</u>
Total net assets	<u>\$ 7,065,483</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
SERVICE DEPARTMENTS  
YEAR ENDED JUNE 30, 2006**

	<b><u>Service Departments</u></b>
<b>OPERATING REVENUES</b>	
Other operating revenues	\$ 18,720,861
Total operating revenues	<u>18,720,861</u>
<b>OPERATING EXPENSES</b>	
Educational and General	
Instruction	460,724
Institutional support	10,220,359
Operation and maintenance of plant	7,728,174
Depreciation	1,357,199
Staff benefits	<u>(110,674)</u>
Total operating expenses	<u>19,655,782</u>
Operating (loss)	<u>(934,921)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income, net of investment expenses	638,131
Interest expense	(13)
Other nonoperating revenues	<u>4,175</u>
Net nonoperating revenues	<u>642,293</u>
Decrease in net assets	(292,628)
<b>NET ASSETS</b>	
<b>Net assets - beginning of year</b>	<u>7,358,111</u>
<b>Net assets - end of year</b>	<u><u>\$ 7,065,483</u></u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET ASSETS - AUXILIARY FACILITIES  
JUNE 30, 2006**

	<b>Housing</b>	<b>Student Activities</b>	<b>Parking</b>	<b>Auxiliary Facilities Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 4,908,614	\$ 4,031,230	\$ 1,702,828	\$ 10,642,672
Investments	9,093,353	1,666,124	2,857,865	13,617,342
Restricted investments	19,283,840	-	-	19,283,840
Accrued interest receivable	570,293	16,596	28,467	615,356
Accounts receivable, net	1,036,449	400,292	80,881	1,517,622
Inventories	567,695	119,897		687,592
Prepaid expenses and deposits	5,395	2,053	876,016	883,464
Deferred charges and obligations	34,693	49,031	17,441	101,165
<b>Total current assets</b>	<b>35,500,332</b>	<b>6,285,223</b>	<b>5,563,498</b>	<b>47,349,053</b>
Noncurrent Assets:				
Investments	29,698,422	6,883,605	2,925,594	39,507,621
Restricted investments	13,026,950	-	-	13,026,950
Bond issuance costs	333,812	247,883	144,612	726,307
Capital assets, net	29,705,398	44,120,601	17,298,512	91,124,511
<b>Total noncurrent assets</b>	<b>72,764,582</b>	<b>51,252,089</b>	<b>20,368,718</b>	<b>144,385,389</b>
<b>Total assets</b>	<b>108,264,914</b>	<b>57,537,312</b>	<b>25,932,216</b>	<b>191,734,442</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	4,381,712	1,171,998	631,731	6,185,441
Assets held in custody for others and deposits	2,113,004	14,427	-	2,127,431
Deferred revenue	235,434	282,889	212,682	731,005
Revenue bonds payable	2,745,310	2,143,661	169,722	5,058,693
Accrued compensated absences	125,872	24,476	10,744	161,092
<b>Total current liabilities</b>	<b>9,601,332</b>	<b>3,637,451</b>	<b>1,024,879</b>	<b>14,263,662</b>
Noncurrent Liabilities:				
Assets held in custody for others and deposits	196,301	-	-	196,301
Revenue bonds payable	38,948,519	26,544,945	17,925,742	83,419,206
Accrued compensated absences	1,240,020	241,125	105,846	1,586,991
<b>Total noncurrent liabilities</b>	<b>40,384,840</b>	<b>26,786,070</b>	<b>18,031,588</b>	<b>85,202,498</b>
<b>Total liabilities</b>	<b>49,986,172</b>	<b>30,423,521</b>	<b>19,056,467</b>	<b>99,466,160</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	20,322,359	15,431,995	(796,952)	34,957,402
Unrestricted	37,956,383	11,681,796	7,672,701	57,310,880
<b>Total net assets</b>	<b>\$ 58,278,742</b>	<b>\$ 27,113,791</b>	<b>\$ 6,875,749</b>	<b>\$ 92,268,282</b>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - AUXILIARY FACILITIES  
FOR YEAR ENDED JUNE 30, 2006**

	<b>Housing</b>	<b>Student Activities</b>	<b>Parking</b>	<b>Auxiliary Facilities Total</b>
<b>OPERATING REVENUES</b>				
Auxiliary enterprises:				
Auxiliary facilities	\$ 46,923,007	\$ 11,336,862	\$ 3,603,838	\$ 61,863,707
Total operating revenues	46,923,007	11,336,862	3,603,838	61,863,707
<b>OPERATING EXPENSES</b>				
Educational and General				
Depreciation	1,298,178	1,783,452	384,785	3,466,415
Auxiliary facilities:				
Student housing, activity facilities, and parking	33,607,894	8,971,295	3,901,428	46,480,617
Total operating expenses	34,906,072	10,754,747	4,286,213	49,947,032
Operating income	12,016,935	582,115	(682,375)	11,916,675
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income, net of investment expenses	1,577,824	344,211	61,549	1,983,584
Interest revenue (expense)	(600,525)	(1,693,572)	(738,110)	(3,032,207)
Other nonoperating revenues	189,310	6,283	669	196,262
Net nonoperating revenues (expenses)	1,166,609	(1,343,078)	(675,892)	(852,361)
Income (loss) before capital items	13,183,544	(760,963)	(1,358,267)	11,064,314
Capital grants and gifts	-	555,320	-	555,320
Total capital items	-	555,320	-	555,320
Increase (decrease) in net assets	13,183,544	(205,643)	(1,358,267)	11,619,634
<b>NET ASSETS</b>				
Net assets - beginning of year	45,095,198	27,319,434	8,234,016	80,648,648
Net assets - end of year	\$ 58,278,742	\$ 27,113,791	\$ 6,875,749	\$ 92,268,282

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CALCULATION SHEET FOR INDIRECT COST CARRYFORWARD  
June 30, 2006

**1. Cash and Equivalents Balance**

Add:

Cash .....	1,886,161	
Cash Equivalents .....		
Bank Deposits .....		
Marketable Securities .....		
Certificates of Deposit .....		
Repurchase Agreements .....		
Other cash equivalent items .....		
Interfund receivables .....		1,886,161

**2. Allocated Reimbursements**

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

\$5,158,146; enter 30% of this amount ..... 1,547,444

**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 .....

191,509

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

Enter the amount of:

Current Liabilities .....	198,923
Encumbrances .....	-
Total .....	198,923

**5. Indirect Cost Carry-forward**

a. Enter the total of items 2, 3 and 4 ..... 1,937,876

b. Subtract from item 1 ..... (51,715)

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, 2006

**1. Current Available Funds**

Add:

Cash .....	2,483,733
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 2,483,733

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,278,528
Encumbrances and current liabilities paid in lapse period .....	379,773
Deferred income .....	638,345
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	35,535
Allowance for Sick Leave/Vacation Payouts .....	142,798
Working Capital Allowance .....	B. 2,474,979

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. 8,754
--------------------------------------	----------

**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. (95,003)
--	-------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(86,249)
--	----------



STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CURRENT UNRESTRICTED LOCAL FUNDS  
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2006

**1. Current Available Funds**

Add:

Cash .....	1,208,432
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 1,208,432</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	305,167
Encumbrances and current liabilities paid in lapse period .....	203,881
Deferred income .....	2,754
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	52,182
Allowance for Sick Leave/Vacation Payouts .....	14,736
Working Capital Allowance .....	<b>B. 578,720</b>

**3. Current Excess Funds**

Deduct B from A and enter here .....	<b>C. 629,712</b>
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (662,748)</b>
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Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<b>(33,036)</b>
--	-----------------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CURRENT UNRESTRICTED LOCAL FUNDS  
STUDENT PROGRAMS AND SERVICES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2006

**1. Current Available Funds**

Add:

Cash .....	2,238,324
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	2,000,000
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 4,238,324</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	4,557,255
Encumbrances and current liabilities paid in lapse period .....	421,707
Deferred income .....	431,190
Refundable deposits .....	131,636
Allowance for Restoring Inventory to Normal Level .....	102,625
Allowance for Sick Leave/Vacation Payouts .....	885,533
Working Capital Allowance .....	<b>B. 6,529,946</b>

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	<b>C. (2,291,622)</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. (208,797)</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>(2,500,419)</b>
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STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CURRENT UNRESTRICTED LOCAL FUNDS  
FIELD TRIPS AND FOREIGN STUDY  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2006

**1. Current Available Funds**

Add:

Cash .....	812,686
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 812,686

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	170,923
Encumbrances and current liabilities paid in lapse period .....	80,738
Deferred income .....	717,267
Refundable deposits .....	
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	2,529
Working Capital Allowance .....	B. 971,457

**3. Current Excess Funds**

Deduct <b>B</b> from <b>A</b> and enter here .....	C. (158,771)
--	--------------

**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. -
--	------

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.	(158,771)
--	-----------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE DEPARTMENTS  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2006

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	3,821,397
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	194,777
Total Current Available Funds .....	<b>A. 4,016,174</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,394,746
Encumbrances and current liabilities paid in lapse period .....	727,683
Deferred income .....	170,022
Refundable deposits .....	
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	1,287,795
Working Capital Allowance .....	<b>B. 3,580,246</b>

**3. Current Excess Funds**

Deduct B from A and enter here .....	<b>C. 435,928</b>
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**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (3,933,137)</b>
--	-----------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<b>(3,497,209)</b>
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STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES - REVENUE BONDS  
STUDENT HOUSING  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2006

**1. Current Available Funds**

Add:

Cash .....	39,420
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	12,109,534
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 12,148,954

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	4,554,307
Encumbrances and current liabilities paid in lapse period .....	2,193,891
Deferred income .....	235,434
Refundable deposits .....	2,309,305
Allowance for Restoring Inventory to Normal Level .....	-
Allowance for Sick Leave/Vacation Payouts .....	1,365,891
Working Capital Allowance .....	B. 10,658,828

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. 1,490,126
--------------------------------------	--------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (4,056,481)
--	----------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(2,566,355)
--	-------------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES - REVENUE BONDS  
STUDENT ACTIVITIES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2006

**1. Current Available Funds**

Add:

Cash .....	653,634
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 653,634

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,085,070
Encumbrances and current liabilities paid in lapse period .....	656,715
Deferred income .....	282,889
Refundable deposits .....	14,427
Allowance for Restoring Inventory to Normal Level .....	12,837
Allowance for Sick Leave/Vacation Payouts .....	265,602
Working Capital Allowance .....	B. 2,317,540

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. (1,663,906)
--------------------------------------	----------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (4,095,138)
--	----------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(5,759,044)
--	-------------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES - REVENUE BONDS  
PARKING SERVICES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2006

**1. Current Available Funds**

Add:

Cash .....	(229,287)
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. (229,287)

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	373,072
Encumbrances and current liabilities paid in lapse period .....	67,971
Deferred income .....	212,682
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	-
Allowance for Sick Leave/Vacation Payouts .....	116,590
Working Capital Allowance .....	B. 770,315

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. (999,602)
--------------------------------------	--------------

**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. (1,105,098)
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Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(2,104,700)
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**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES  
Year Ended June 30, 2006**

A listing of the University's Auxiliary Facilities, Activities, Accounting Entities, their purposes, and their sources of revenue for the year ended June 30, 2006 are provided below.

**Indirect Cost Support**

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

**Current Unrestricted Local Funds**

Continuing Education and Public Services

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

Sales and Services of Educational Activities

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

Student Programs and Services

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

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

Field Trips and Foreign Study

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



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES  
Year Ended June 30, 2006**

**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, 2006 and 2005**

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 2006 and 2005, 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 2006 and 2005. 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 2006 and 2005. There was no cumulative unreimbursed subsidy for fiscal years 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Totally unrestricted funds	\$ 59,237	\$ 58,651
Funds restricted only as to campus, college, or department, and generally available for ongoing University operations:		
Given to a particular college	473,553	424,396
Given to a particular department	3,702,389	1,721,684
Funds restricted:		
Given for scholarships	1,563,220	1,147,662
Given for certain programs	2,968,571	8,676,059
Other restricted funds	<u>69,078</u>	<u>49,853</u>
Total funds considered restricted	<u>8,776,811</u>	<u>12,019,654</u>
<b>Total funds provided to the University by the Foundation</b>	<b><u>\$ 8,836,048</u></b>	<b><u>\$12,078,305</u></b>

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

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
NONINSTRUCTIONAL FACILITIES RESERVE  
For the Years Ended June 30, 2006 and 2005**

**Noninstructional Facilities Reserve Account (Development Reserve)**

The Board of Regents, on behalf of Illinois State University, established a Noninstructional Facility Reserve on January 22, 1987, by transferring \$1,250,000 of available revenue from the 1985B Bond Series to be held for use to acquire additional student recreational space. The Board also approved the use of interest derived from the investment of the reserve for the lease of additional student recreational space until such time as the purchase of additional space is approved by the Board. The balance of the Development Reserve at June 30, 2006, is \$1,274,270.

On May 12, 2006, the Board of Trustees authorized the planning and design of a new student recreation center with construction anticipated to begin in 2008.

**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, 2006**

Certain student employees are paid from funds of the Federal College Work-Study Program. In accordance with long standing public policy in Illinois, approximately \$3,362,371 of group insurance expense and \$666,563 of retirement plan contributions were also paid from State appropriated funds during the year ended June 30, 2006. 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, 2006**

**REVENUES AND EXPENDITURES**

**REVENUES**

Allocated portion of Illinois State University appropriations from the State of Illinois and tuition and fees	<u>\$ 183,333</u>
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**EXPENDITURES**

Personal services and benefits	130,800
Contractual services	25,561
Travel	3,327
Commodities	5,247
Equipment	15,276
Telecommunications	<u>3,122</u>
 Total expenditures	 <u>183,333</u>

**EXCESS OF REVENUES OVER EXPENDITURES** \$ \_\_\_\_\_

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

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

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

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

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

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